

ANNUAL BUDGET OF

UMSOBOMVU MUNICIPALITY



2016/17 TO 2018/19

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report: Foreword By the Mayor

Honourable Councillors, Integrated Development Planning is an approach to planning that involves the entire municipality, and its citizens in finding the best solutions to achieve good long term development. Community participation lays the foundation of our residents taking ownership of the development of our municipality.

The Umsobomvu Municipality prepares and uses the Integrated Development Plan as the leading instrument for planning and implementation to fulfil the municipality's constitutional mandate. This specific document, is the fourth (and last) annual review of the Plan that was adopted by the municipality in May 2012. It is foreseen that after the 2016 local government elections, a similar process will be started with the adoption of another Plan for the next cycle of local government which ends in 2022.

As the process of preparing and adopting the Plan evolved over the past 5 years, so did local empowerment of the municipality itself, and the communities it serves. Through this process, local democracy was deepened and the effectiveness of local government strengthened. For example, it created a channel for communities to express their desires and for the municipality to respond in an integrated manner subject to available resources and alignment with the policies and programmes across the spheres of government. In this regard, there are three issues that need to be addressed urgently, viz. unemployment, the high levels of poverty, and inequality. In order to further strengthen the effectiveness of our municipality, the following outcomes have been identified as interventions:

- Create an able administration and council
- Strive to achieve an unqualified (and clean) audit
- Ensure alignment of programmes but accept that there will be a degree of miscommunication
- Strive for 100% compliance
- Be accountable to the communities; note that, although there are processes in place to achieve this, even more space must be created for communities to give input into the running of the municipality
- Ensure good relationships with other spheres of government
- Ensure the delivery of sustainable services to our communities
- Improve recovery of revenue to 80%
- Seek to identify and understand community needs that are not included in the IDP or budget
- Address backlogs
- Seek support from various external role-players, and

- Ensure the transfer of skills and capacity building of the administration component of the municipality.

The draft budget is the start of a journey towards the tabling of the final budget for approval in May 2016. It will include many processes both politically and administratively, amongst others, consultations with communities throughout the municipal area. The Budget is derived from the contents of the Integrated Development Plan (IDP) of the Umsobomvu Municipality. All projects therefore, identified in the IDP are included in the Budget and there is a direct link between the IDP and the 2016/2017 Budget as provided for in the applicable legislation.

This council is legally obligated to approve the draft Capital and Operating Budget for 2016/17–2018/19 in terms of the MFMA.

The MFMA states that an annual budget may only be funded from realistically anticipated revenues to be collected; cash backed accumulated funds from previous years' surpluses not committed for other purposes; and borrowed funds.

This budget was interrogated to ensure compliance in that regard.

Final Operating Budget

The estimated operating expenditure budget for the 2016/2017 financial year is **R153 429 850.00**. The estimated revenue budget for the 2016/2017 financial year is **R132 237 061.00**

Capital Budget

This capital budget has been compiled with due consideration to the direct impact that it would have on the operating budget and our cash position where projects are to be funded from either internal sources or from external borrowings.

The final capital budget for 2016/2017 is an amount of **R29 640 800.00**.

The following funded projects were identified and are captured in the capital budget:

CAPITAL BUDGET 2016-2017

New Municipal Financial System	FMG & Internal Generated Funds	1 550 000
Energy Demand Management	DOE	8 000 000
New Electricity Infrastructure (New Ouboks)	INEP	2 500 000
New Ouboks Arterial	MIG	16 590 800
Voortrekker Street Noupoot	EPWP	1 000 000

R 29 640 800.00

Proposed Tariff Adjustments for 2016/2017 financial year

The Budget Committee made use of tariff modelling to calculate realistic tariff increases. Although The Budget Committee endeavoured to contain the increases within the 6.6 % upper boundary of the South African Reserve Bank's inflation target.

We have kept our increases as low as possible and as close to the Consumer Price Index of 6.6% as we could in order to ensure that, in these difficult times, we do not pass on additional burdens to our consumers.

In order to have a funded budget the following tariff increases are recommended for the 2016/2017 financial year:

1. Rates: 4%
2. Electricity: 7%
3. Water: 6%
4. Sanitation: 6%
5. Refuse Removal: 6%
6. Other tariffs: 6%

MTREF FOCUS

Honourable Speaker, Council approved the Draft MTREF budget of 2016/2017 on Thursday, 31 March 2016. The budget before council has considered all input received during the public participation process.

When the MTREF budget was compiled, service delivery to our community was placed first, while also consideration was also given to the prevailing poor economic climate.

It was also presented to National and Provincial Treasury for an assessment of the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF).

Credibility

- The 2016/17 MTREF budget is funded;
- The Draft Budget is multi-year; and

Sustainability

The Budget gives effect to:

- Adequate cash coverage and current ratio;
- Poor Cost to Income ratio has high risk to erode cash reserves.

As Mayor I must take all reasonable steps to ensure that this municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget.

N.L. HERMANS
MAYOR

1.2 Council Resolutions

On the 31st of May 2016 the Council of Umsobomvu Local Municipality met in the Council Chambers of Umsobomvu Local Municipality to consider the final annual budget of the municipality for the financial year 2016/2017. The Council adopted and approved the following resolutions:

1. The Council of Umsobomvu Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2016/2017 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 7 on page 29;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 8 on page 30;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 10 on page 32; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 11 on page 34.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 12 on page 36;
 - 1.2.2. Budgeted Cash Flows as contained in Table 13 on page 37;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 14 on page 38;
 - 1.2.4. Asset management as contained in Table 15 on page 40; and
 - 1.2.5. Basic service delivery measurement as contained in Table 16 on page 42.
2. The Council of Umsobomvu Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016
 - 2.1. the tariffs for property rates – as set out in Annexure B,
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for the supply of water – as set out in Annexure B
 - 2.4. the tariffs for sanitation services – as set out in Annexure B
 - 2.5. the tariffs for solid waste services – as set out in Annexure B
3. The Council of Umsobomvu Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs for other services, as set out in Annexure B.
4. To give proper effect to the municipality's final annual budget, the Council of Umsobomvu Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in

terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations

5. The Council of Umsobomvu Local Municipality, acting in terms of Section 17(3) (e) of the Municipal Finance Management Act, (Act No 56 of 2003) approve the reviewed budget related policies as set out in Annexure C.
6. The Council of Umsobomvu Local Municipality approves the service level standards which form part of the 2016/17 tabled MTREF budget documentation as set out in Annexure E.
7. The Council of Umsobomvu Local Municipality, approves the schedule of procurement plan in respect of advertised competitive bids (in excess of R200, 000) as set out in Annexure D.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/2017 MTREF.

The main challenges experienced during the compilation of the 2016/2017 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2016/2017 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2016/2017 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/2017 final annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An upper limit of R153 million was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Special Projects;
 - Furniture and office equipment;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees (national & international).

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/2017 Medium-term Revenue and Expenditure Framework:

R Thousand	Adjustment Budget 2015/2016	Budget Year 2016/2017	Budget Year +1 2017/2018	Budget Year +2 2018/2019
Total Operating Revenue	126,369,755	132,237,061	140,180,507	149,347,121
Total Operating Expenditure	147,389,651	153,429,850	160,473,158	168,334,462
(Surplus) / Deficit	(21,019,896)	(21,192,789)	(20,292,651)	(18,987,341)
Total Capital Expenditure	77,945,300	28,090,800	23,074,150	17,966,500

Total operating revenue has increased by 4.64 per cent for the 2016/2017 financial year when compared to the 2015/16 Adjustments Budget mainly due to operational grants that will be received for special projects in the 2016/2017 financial year. For the two outer years, operational revenue will increase by 6.01 and 6.54 per cent respectively, equating to a total revenue growth of R 22 977 366 over the MTREF when compared to the 2015/16 financial year. Total operating expenditure for the 2016/2017 financial year has been appropriated at R 153 322 350 and translates into a budgeted deficit of R 21 085 289. When compared to the 2015/16 Adjustments Budget, operational expenditure has increased by 4.10 per cent in the 2016/2017 budget and increased by 4.59 and 4.90 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years decreases to R 20 292 651 and R 18 987 341 in 2017/18 and 2018/19 respectively. These deficits are non-cash related and are due to the council providing for infrastructure impairment and depreciation.

The capital budget of R 28 090 800 million for 2016/2017 is 63.96 per cent less when compared to the 2015/16 Adjustment Budget. The decrease is a result of some projects being completed and some close to completion. The capital programme decreases to R 23 074 150 in the 2017/2018 financial year and then decreases by 22.14 per cent in 2018/19 to R 17 966 500. All capital over the MTREF will be financed by Grants from National and own revenue.

Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term. The repayment of capital and interest (debt services costs) has remained the same and will continue over the next five years due to new loans taken up in the past year, as a result of the need to replace specialised vehicles needed to meet the increased demand in services to be delivered. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Umsobomvu Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2016/2017 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue

NC072 Umsobomvu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	% Increased (Decreased)	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1							
Revenue By Source								
Property rates	2	8 117	8 406	8 406	8 742	4.00%	9 266	9 822
Property rates - penalties & collection charges		179	208	208	216	4.00%	229	243
Service charges - electricity revenue	2	31 258	33 541	33 541	35 891	7.01%	38 405	41 096
Service charges - water revenue	2	13 128	13 118	13 118	13 945	6.30%	14 781	15 668
Service charges - sanitation revenue	2	8 259	8 492	8 492	9 000	5.98%	9 540	10 112
Service charges - refuse revenue	2	6 333	6 355	6 355	6 737	6.00%	7 141	7 569
Service charges - other								
Rental of facilities and equipment		1 103	887	887	938	5.82%	993	1 051
Interest earned - external investments		422	471	471	422	-10.33%	422	422
Interest earned - outstanding debtors		1 806	2 055	2 055	2 047	-0.37%	2 139	2 237
Dividends received								
Fines		2 521	5 321	5 321	5 586	4.98%	5 864	6 156
Licences and permits		757	2 413	2 413	2 533	4.99%	2 659	2 792
Agency services								
Transfers recognised - operational		39 919	39 748	39 748	40 925	2.96%	43 479	46 911
Other revenue	2	4 291	5 357	5 357	5 256	-1.89%	5 262	5 268
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)		118 093	126 370	126 370	132 237	4.64%	140 181	149 347

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charges revenues comprise more than half of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totalled R 70.120 million or 55.49 per cent. This increases to R 74.530 million, R 79.363 million and R84.511 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 98 & 100).

Property rates revenue source from services totalling 6.61per cent or R8.742 million rand in 2016/17. The smallest source is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R 40.925 million in the 2016/2017 financial year and steadily increases to R43.479 million by 2017/18. Note that the year-on-year increase for the 2016/2017 financial year is 2.96 per cent and then increases by 6.24 and 7.89 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 2 Operating Transfers and Grant

NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		31,619	34,152	35,673	38,234	38,206	38,206	39,356	41,800	45,135
Local Government Equitable Share		29,319	30,684	32,382	34,931	34,931	34,931	36,658	39,317	42,376
FINANCE MANAGEMENT		1,500	1,650	1,800	1,800	1,932	1,932	1,825	1,900	2,155
MSIG		800	890	934	940	940	940	-	-	-
MIG ADMIN - PMU			678	557	563	403	403	873	583	604
Energy Efficiency and Demand Management			250		-	-	-			
Other transfers/grants [insert description]										
Provincial Government:		715	708	991	1,685	1,542	1,542	1,569	1,679	1,776
DEPT ART & CULTURE (LIBRARY)		715	708	991	1,685	1,542	1,542	1,569	1,679	1,776
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	3,600	-	-	-	-	-	-	-
[insert description]			3,600							
Total Operating Transfers and Grants	5	32,334	38,460	36,664	39,919	39,748	39,748	40,925	43,479	46,911
Capital Transfers and Grants										
National Government:		51,921	47,473	43,091	55,563	77,945	77,945	28,091	23,074	17,967
RBIG - DWAF		28,350	31,000	30,000	36,872	54,000	54,000	-	-	-
HOUSING PROJECTS		-	-	-	-	-	-	-	-	-
EEDG		5,000	-	-	7,000	7,000	7,000	8,000	10,000	5,000
MIG - CAPITAL		14,271	12,873	10,591	10,691	14,595	14,595	16,591	11,074	11,467
INEP		3,300	2,600	1,500	-	1,350	1,350	2,500	2,000	1,500
EPWP		1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	2,600	-	-	-	-	-	-	-
[insert description]			2,600							
Total Capital Transfers and Grants	5	51,921	50,073	43,091	55,563	77,945	77,945	28,091	23,074	17,967
TOTAL RECEIPTS OF TRANSFERS & GRANTS		84,255	88,532	79,755	95,482	117,693	117,693	69,016	66,553	64,877

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's

inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). ;
- 20 per cent rebate will be granted on all state owned properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.

- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/2017 financial year based on a 4 per cent increase from 1 July 2016 is contained below:

TABLE 5 COMPARISON OF PROPERTY RATES TARIFFS		
CATEGORY	CURRENT TARIFF (FROM 1 JULY 2015)	PROPOSED TARIFF (FROM 1 JULY 2016)
Residential Properties	0.010879	0.011314
State Owned Properties	0.017541	0.018242
Business & Cormmecal	0.012869	0.013383
Agricultural	0.002720	0.002829

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury had urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6 per cent from 1 July 2016 for water is proposed. This is based on input cost of inputs increasing by 6 per cent and the commissioning of the extended water treatment works. In addition 6 kℓ water per 30-day period will again be granted at a subsidized price to all indigent residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

TABLE 6 PROPOSED WATER TARIFFS				
CATEGORY	CURRENT TARIFF 2015/16 Rand per kl		PROPOSED TARIFF 2016/17 Rand per kl	PERCENTAGE CHANGE
RESIDENTIAL				
(i) 0 to 6 kl per 30-Day period	4.70		4.99	6%
(ii) 7 to 20 kl per 30-Day period	5.68		6.03	6%
(iii) 21 to 30 kl per 30-Day period	7.30		7.74	6%
(vi) 30+ kl per 30-Day period	9.64		10.22	6%
NON-RESIDENTIAL				
(i) 0 to 60 kl per 30-Day period	6.91		7.33	6%
(ii) 60+ kl per 30-Day period	9.28		9.84	6%

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison Between Current Water Charges and Increases (Domestic)						
Monthly Consumption kl	Current Amount payable R		Proposed Amount payable R		Difference (Decrease)	Percentage change
20	R	119.56	R	126.73	R 7.17	6%
30	R	199.45	R	211.42	R 11.97	6%
40	R	311.55	R	330.24	R 18.69	6%

The tariff structure of the 2016/2017 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R 11.97 per kilolitre for consumption in excess of 30kl per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 9.4 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

Considering the Eskom increases, the consumer tariff had to be increased by 7 per cent to offset the additional bulk purchase cost from 1 July 2016. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period being subsidised through the equitable share.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 8 Comparison Between Current Electricity Charges and Increases (Domestic)						
Monthly Consumption kl		Current Amount payable R	Proposed Amount payable R		Difference (Decrease)	Percentage change
100	R	106.36	R	113.81	R 7.45	7%
250	R	282.63	R	302.41	R 19.78	7%
500	R	640.08	R	684.89	R 44.81	7%
750	R	1,088.64	R	1,164.84	R 76.20	7%
1000	R	1,560.61	R	1,669.85	R 109.24	7%
2000	R	3,449.62	R	3,691.09	R 241.47	7%

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. . As part of the 2016/2017 and 2017/2018 medium-term capital programme, funding has been allocated to electricity infrastructure to decrease expenditure through alternative energy and consumption reducing equipment.

Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2016 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI increase of 6 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the type of consumer and the level of service provided as indicated in the table below;
 - Subsidised sanitation will be applicable to registered indigents; and
 - The commissioning of the new sludge activated Waste water Treatment works compared to the previous oxidation pond system
- The total revenue expected to be generated from rendering this service amounts to R9 million for the 2016/2017 financial year.

The following table compares the current and proposed tariffs:

Table 3 Comparison between current sanitation charges and increases

Table 3 Comparison Between Current Sanitation Charges and Increases (Domestic)				
Description	Current Year 2015/16	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Waste Water Tariff				
Basic charge / Fixed Fee (Rands/ Month)	R 98.24	R 104.13	R 110.38	R 117.00
Service point - vacant land (Rands/ month)	R 56.70	R 60.10	R 63.71	R 67.53
Conservancy tank Households (1 service per month)	R 73.58	R 77.99	R 82.67	R 87.63
Conservancy tank Households (additional service per month): Payable in advance	R 77.99	R 82.67	R 87.63	R 92.89
Conservancy tank Schools per load	R 107.87	R 114.34	R 121.20	R 128.47
Conservancy tank Businesses per load with a minimum of 1 load per month	R 107.87	R 114.34	R 121.20	R 128.47
Nightsoil Removal (per bucket per month)	R 53.51	R 56.72	R 60.12	R 63.73
Nightsoil Rondawel (per bucket per month)	R 37.73	R 40.00	R 42.40	R 44.94
Meatlands industrial effluent per month			R -	R -
Meatlands sewerage same as business tariffs			R -	R -
Meatlands dumping charges of blood and dung's per month	R 840.86	R 891.31	R 944.79	R 1,001.48
Sewerage household \Colesberg hoërskool\per month	R 98.24	R 104.13	R 110.38	R 117.00
Sewerage prison per point per month	R 330.34	R 350.16	R 371.17	R 393.45
Sewerage garages and state per point per month	R 198.81	R 210.74	R 223.39	R 236.79
Sewerage hospital per point per month	R 353.48	R 374.69	R 397.18	R 421.01
Sewerage bussiness normal	R 127.33	R 134.97	R 143.07	R 151.66
Sewerage business with minimum of 2 points pm	R 196.48	R 208.27	R 220.77	R 234.01
Sewerage business additional connection	R 47.30	R 50.13	R 53.14	R 56.33
Sewerage availability per month	R 56.70	R 60.10	R 63.71	R 67.53
Meatlands per sheep (Effluent)	R 0.81	R 0.86	R 0.91	R 0.96
Sewerage to open private: Office Hours	R 206.20	R 218.58	R 231.69	R 245.59
Sewerage to open private: After Hours, week-ends and Public Holidays	R 339.88	R 360.27	R 381.88	R 404.80
Sewerage to open business: Office Hours	R 283.65	R 300.67	R 318.71	R 337.83
Sewerage to open business: After Hours, week-end and Public Holidays	R 490.08	R 519.49	R 550.65	R 583.69

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison Between Current Sanitation Charges and Increases, Single Dwelling Houses

Monthly Sanitation Level of Service	Current Amount Payable R	Proposed Amount Payable R	Difference (Increase) %
Domestic - Conservancy tanks	73.58	77.99	6%
Domestic - Connected	98.24	104.13	6%

1.4.4 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a small surplus. The main contributors to expenditure are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2016. Higher increases will not be viable in 2016/2017 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2016:

Table 11 Comparison Between Current Waste removal fees Charges and Increases (Domestic)						
	Current Tariffs 2015/16		Proposed Tariffs 2016/17		Difference (Decrease)	% Increase
	Waste Removal	Municipal Cleaning	Waste Removal	Municipal Cleaning		
Domestic - Monthly	68.79		72.92		4.13	6%
Additional bin per month	23.44		24.84		1.41	6%
Business	99.05		105.00		5.94	6%
Garden Refuse Households	6.93		7.34		0.42	6%

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 7.4 and 7.6 per cent and 7.6 per cent for indigents.

NC072 Umsobomvu - Supporting Table SA14 Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		623.24	659.54	608.58	608.58	608.58	608.58	4.0%	632.92	670.90	711.15
Electricity: Basic levy		55.58	59.47	64.22	72.05	72.05	72.05	7.0%	77.09	82.49	88.26
Electricity: Consumption		1,075.97	1,156.67	1,237.89	1,388.91	1,388.91	1,388.91	7.0%	1,486.13	1,590.16	1,707.47
Water: Basic levy		55.30	59.72	63.61	67.43	67.43	67.43	6.0%	71.48	75.77	80.32
Water: Consumption		149.53	160.16	171.08	181.35	181.35	181.35	6.0%	192.23	203.76	215.99
Sanitation		75.92	85.03	92.68	98.24	98.24	98.24	6.0%	104.13	110.38	117.00
Refuse removal		57.76	61.23	64.90	68.79	68.79	68.79	6.0%	72.92	77.30	81.94
Other											
sub-total		2,093.30	2,241.83	2,302.96	2,485.35	2,485.35	2,485.35	6.1%	2,636.90	2,810.76	3,002.13
VAT on Services											
Total large household bill:		2,093.30	2,241.83	2,302.96	2,485.35	2,485.35	2,485.35	6.1%	2,636.90	2,810.76	3,002.13
% increase/-decrease			7.1%	2.7%	7.9%	-	-	6.1%	6.6%	6.8%	
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		441.27	466.97	426.92	426.92	426.92	426.92	4.0%	444.00	470.64	498.88
Electricity: Basic levy		55.58	59.47	64.22	72.05	72.05	72.05	7.0%	77.09	82.49	88.26
Electricity: Consumption		450.31	487.92	518.98	582.30	582.30	582.30	7.0%	623.06	666.67	713.34
Water: Basic levy		55.30	59.72	63.61	67.43	67.43	67.43	6.0%	71.48	75.77	80.32
Water: Consumption		118.78	127.82	136.63	144.53	144.53	144.53	6.0%	153.20	162.39	172.13
Sanitation		75.92	85.03	92.68	98.24	98.24	98.24	6.0%	104.13	110.38	117.00
Refuse removal		57.76	61.23	64.90	68.79	68.79	68.79	6.0%	72.92	77.30	81.94
Other											
sub-total		1,254.92	1,348.16	1,367.94	1,460.26	1,460.26	1,460.26	5.9%	1,545.88	1,645.64	1,751.87
VAT on Services											
Total small household bill:		1,254.92	1,348.16	1,367.94	1,460.26	1,460.26	1,460.26	5.9%	1,545.88	1,645.64	1,751.87
% increase/-decrease			7.4%	1.5%	6.7%	-	-	5.9%	6.5%	6.5%	
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates		259.30	274.41	245.25	245.25	245.25	245.25	4.0%	255.06	270.36	286.58
Electricity: Basic levy		55.58	-	64.22	72.05	72.05	72.05	7.0%	77.09	82.49	88.26
Electricity: Consumption		287.11	243.96	331.48	371.92	371.92	371.92	7.0%	397.95	425.81	455.62
Water: Basic levy		55.30	59.72	63.61	67.43	67.43	67.43	6.0%	71.48	75.77	80.32
Water: Consumption		88.47	102.81	101.76	107.87	107.87	107.87	6.0%	114.34	121.20	128.47
Sanitation		75.92	85.03	92.68	98.24	98.24	98.24	6.0%	104.13	110.38	117.00
Refuse removal		57.76	61.23	64.90	68.79	68.79	68.79	6.0%	72.92	77.30	81.94
Other											
sub-total		879.44	827.16	963.90	1,031.55	1,031.55	1,031.55	6.0%	1,092.97	1,163.31	1,238.19
VAT on Services											
Total small household bill:		879.44	827.16	963.90	1,031.55	1,031.55	1,031.55	6.0%	1,092.97	1,163.31	1,238.19
% increase/-decrease			(5.9%)	16.5%	7.0%	-	-	6.0%	6.4%	6.4%	

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/2017 budget and MTREF (classified per main type of operating expenditure):

Table 12 Summary of Operating Expenditure by Standard Classification item							
Expenditure Type	Current Year 2015/2016			2016/17 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjustment Budget	Full Year Forecast	Budget Year 2016/2017	% Increase (Decrease)	Budget Year +1 2017/2018	Budget Year +2 2018/2019
Employee related costs	40,627,602	42,311,911	42,311,911	47,215,689	11.59%	51,448,608	56,073,292
Remuneration of councillors	3,091,745	3,122,360	3,122,360	3,246,332	3.97%	3,246,332	3,246,332
Debt impairment	5,458,470	6,196,324	6,196,324	6,194,054	-0.04%	6,192,011	6,190,172
Depreciation & asset impairment	23,843,783	29,480,306	29,480,306	29,406,915	-0.25%	29,340,863	29,281,416
Finance charges	310,000	343,695	343,695	310,000	-9.80%	290,000	290,000
Bulk purchases	21,284,464	21,284,464	21,284,464	22,962,421	7.88%	24,774,615	26,731,784
Other materials	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-
Transfers and grants	8,966,670	8,966,670	8,966,670	9,536,950	6.36%	10,107,188	10,814,737
Other expenditure	31,674,325	35,682,693	35,682,693	34,537,489	-3.21%	35,053,541	35,686,729
Loss on disposal of PPE	1,228	1,228	1,228	20,000	1528.66%	20,000	20,000
	135,258,287	147,389,651	147,389,651	153,429,850	4.10%	160,473,158	168,334,462

The budgeted allocation for employee related costs for the 2016/2017 financial year totals R 47 215 689.00, which equals 30.73 per cent of the total operating expenditure. In the absence of a collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 9 per cent for the 2016/2017 financial year. An annual increase of 6 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2016/2017 financial year this amount equates to R6.194 million and escalates to R6.192 million by 2017/18. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.20 per cent (R.310 million) of operating expenditure excluding annual redemption for 2016/2017. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it decreases to 0.18 and 0.17 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWAF. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. In 2016/2017 it has decreased by 3.21 per cent and increases by 1.50 in 2017/18 and increases by 1.81 per cent in 2018/19.

The following table gives a breakdown of the main expenditure categories for the 2016/2017 financial year.

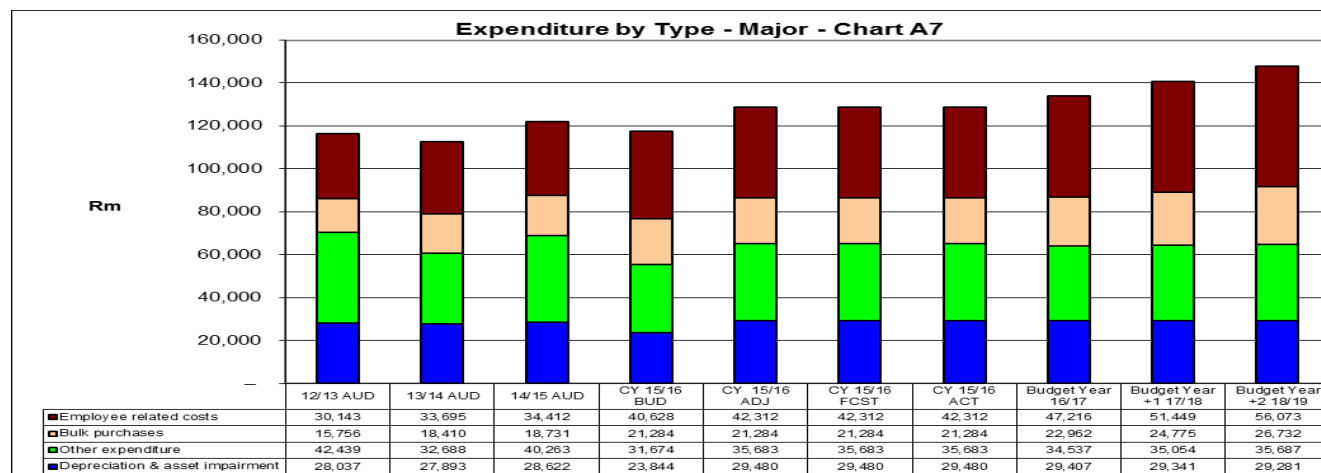


Figure 1 Main operational expenditure categories for the 2016/2017 financial year**1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2016/2017 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2016/2017 MTREF operational repairs and maintenance was decreased owing to the fact that some of the Municipality's infrastructure has been upgraded and some vehicles are still new. To this end, repairs and maintenance was substantially decreased by 7.94 per cent in the 2016/2017 financial year, from R4.043 million to R3.722 million. The total allocation for 2016/2017 equates to R3.722 million, a decrease of 7.94 per cent in relation to the Adjustment Budget and increases by 0.05 per cent in 2017/18 and remains the same in 2018/19. In relation to the total operating expenditure, repairs and maintenance comprises of 2.4, 2.3 and 2.2 per cent for the respective financial years of the MTREF. This is mainly due to bulk electricity purchases that continually exceed growth in other expenditure items.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 4 Repairs and maintenance per asset class

NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Repairs and maintenance expenditure by Asset Class/Sub-class												
Infrastructure			1,181	1,141	2,078	1,831	2,331	2,331	2,031	2,011	2,011	
Infrastructure - Road transport			230	10	388	370	370	370	370	370	370	
Roads, Pavements & Bridges			230	10	388	370	370	370	370	370	370	
Storm water			-									
Infrastructure - Electricity			601	541	1,002	811	1,261	1,261	911	891	891	
Generation			-	-								
Transmission & Reticulation			421	361	868	591	1,041	1,041	691	671	671	
Street Lighting			180	180	134	220	220	220	220	220	220	
Infrastructure - Water			300	500	459	350	400	400	500	500	500	
Dams & Reservoirs			-	-								
Water purification			-	-								
Reticulation			300	500	459	350	400	400	500	500	500	
Infrastructure - Sanitation			50	90	229	300	300	300	250	250	250	
Reticulation			-	-								
Sewerage purification			50	90	229	300	300	300	250	250	250	
Infrastructure - Other			-	-	-	-	-	-	-	-	-	
Waste Management												
Transportation												
Gas												
Other												
Community			25	95	861	10	10	10	5	5	5	
Parks & gardens			5	15		10	10	10	5	5	5	
Sportsfields & stadia												
Swimming pools					853							
Community halls												
Libraries												
Recreational facilities												
Fire, safety & emergency			20	80								
Security and policing												
Buses												
Clinics												
Museums & Art Galleries												
Cemeteries												
Social rental housing												
Other					8							
Heritage assets			-	-	-	-	-	-	-	-	-	
Buildings												
Other												
Investment properties			-	-	-	-	-	-	-	-	-	
Housing development												
Other												
Other assets			902	931	993	1,434	1,702	1,702	1,686	1,708	1,708	
General vehicles			583	641	602	924	1,107	1,107	1,122	1,144	1,144	
Specialised vehicles			-	-	76	-	-	-	-	-	-	
Plant & equipment			129	242	170	298	294	294	269	269	269	
Computers - hardware/equipment			-	-								
Furniture and other office equipment			45	45	9	44	50	50	45	45	45	
Abattoirs			-	-								
Markets			-	-								
Civic Land and Buildings			-	-	102	165	248	248	248	248	248	
Other Buildings			139	-								
Other Land			8	3	34	3	3	3	3	3	3	
Surplus Assets - (Investment or Inventory)			-									
Other			-									
Agricultural assets			-	-	-	-	-	-	-	-	-	
List sub-class												
Biological assets			-	-	-	-	-	-	-	-	-	
List sub-class												
Intangibles			-	-	-	-	-	-	-	-	-	
Computers - software & programming												
Other (list sub-class)												
Total Repairs and Maintenance Expenditure			1	2,108	2,167	3,932	3,275	4,043	4,043	3,722	3,724	3,724
Specialised vehicles				-	-	76	-	-	-	-	-	-
Refuse					76							
Fire												
Conservancy												
Ambulances												
R&M as a % of PPE				0.4%	0.4%	0.8%	0.6%	0.7%	0.7%	0.7%	0.7%	
R&M as % Operating Expenditure				1.6%	1.7%	3.0%	2.4%	2.7%	2.7%	2.4%	2.2%	

For the 2016/2017 financial year, 54.57 per cent or R2.031 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 44.85 per cent (R.911million), followed by water infrastructure at 24.62 per cent (R.500 million), roads at 18.22 per cent (R.370 million) and sanitation at 12.31 per cent (R.250 million). Community assets have been allocated R.005 million of total repairs and maintenance.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3782 or more indigent households during the 2016/2017 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on page 30.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 5 2015/16 Medium-term capital budget per vote

NC072 Umsobomvu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	28,750	-	36,872	54,000	54,000	54,000	-	11,074	11,467
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	28,750	-	36,872	54,000	54,000	54,000	-	11,074	11,467
Single-year expenditure, to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		23	661	34	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		83	334	193	1,710	234	234	234	1,550	-	-
Vote 3 - COMMUNITY SERVICES		1,712	198	4,550	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		42,630	20,536	34,918	18,691	23,945	23,945	23,945	28,091	12,000	6,500
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		44,448	21,729	39,695	20,401	24,179	24,179	24,179	29,641	12,000	6,500
Total Capital Expenditure - Vote		44,448	50,479	39,695	57,273	78,179	78,179	78,179	29,641	23,074	17,967
Capital Expenditure - Standard											
Governance and administration		106	995	227	1,710	234	234	234	1,550	-	-
Executive and council		23	661	34	-	-	-	-	-	-	-
Budget and treasury office		31	-	180	1,550	74	74	74	1,550	-	-
Corporate services		52	334	13	160	160	160	160	-	-	-
Community and public safety		-	198	4,550	-	-	-	-	-	-	-
Community and social services		-	198	4,144	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	406	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		393	3,524	4,829	1,000	7,944	7,944	7,944	17,591	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		393	3,524	4,829	1,000	7,944	7,944	7,944	17,591	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		43,949	45,711	30,089	54,563	70,001	70,001	70,001	10,500	23,074	17,967
Electricity		3,125	2,447	1,344	7,000	8,350	8,350	8,350	10,500	12,000	6,500
Water		28,870	43,214	28,746	36,872	54,000	54,000	54,000	-	11,074	11,467
Waste water management		10,242	50	-	10,691	7,651	7,651	7,651	-	-	-
Waste management		1,712	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	44,448	50,429	39,695	57,273	78,179	78,179	78,179	29,641	23,074	17,967
Funded by:											
National Government		37,309	48,607	38,964	55,563	77,945	77,945	77,945	28,091	23,074	17,967
Provincial Government		49	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	37,358	48,607	38,964	55,563	77,945	77,945	77,945	28,091	23,074	17,967
Public contributions & donations	5	3,125	334	456	-	-	-	-	-	-	-
Borrowing	6	3,847	-	-	-	-	-	-	-	-	-
Internally generated funds		118	1,488	275	1,710	234	234	234	1,550	-	-
Total Capital Funding	7	44,448	50,429	39,695	57,273	78,179	78,179	78,179	29,641	23,074	17,967

For 2016/2017 an amount of R 29.641 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget. In the outer years this amount totals R23.074 million and R17.967 million, 100 per cent respectively for each of the financial years. Roads services receives the highest allocation of R 17.591 million in 2016/2017 which equates to 59.35 per cent followed by electricity services at 35.42 per cent, R10.500 million.

Total new assets represent 100 per cent or R 29.641 million of the total capital budgets. Further detail relating to asset classes and proposed capital expenditure is contained in Table 15 MBRR A9 (Asset Management) on page 38. In addition to the MBRR Table A9, MBRR Tables SA34a and SA34c provides a detailed breakdown of the capital programme relating to new asset construction as well as operational repairs and maintenance by asset class (refer to pages 89, 90 and 91). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity for all (retrofitting of street lights) – R10.500 million;
- Block paving of New Oubos – R16.591 million;
- Block paving of streets in Colesberg – R1 million;

Furthermore pages 93 to 95 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

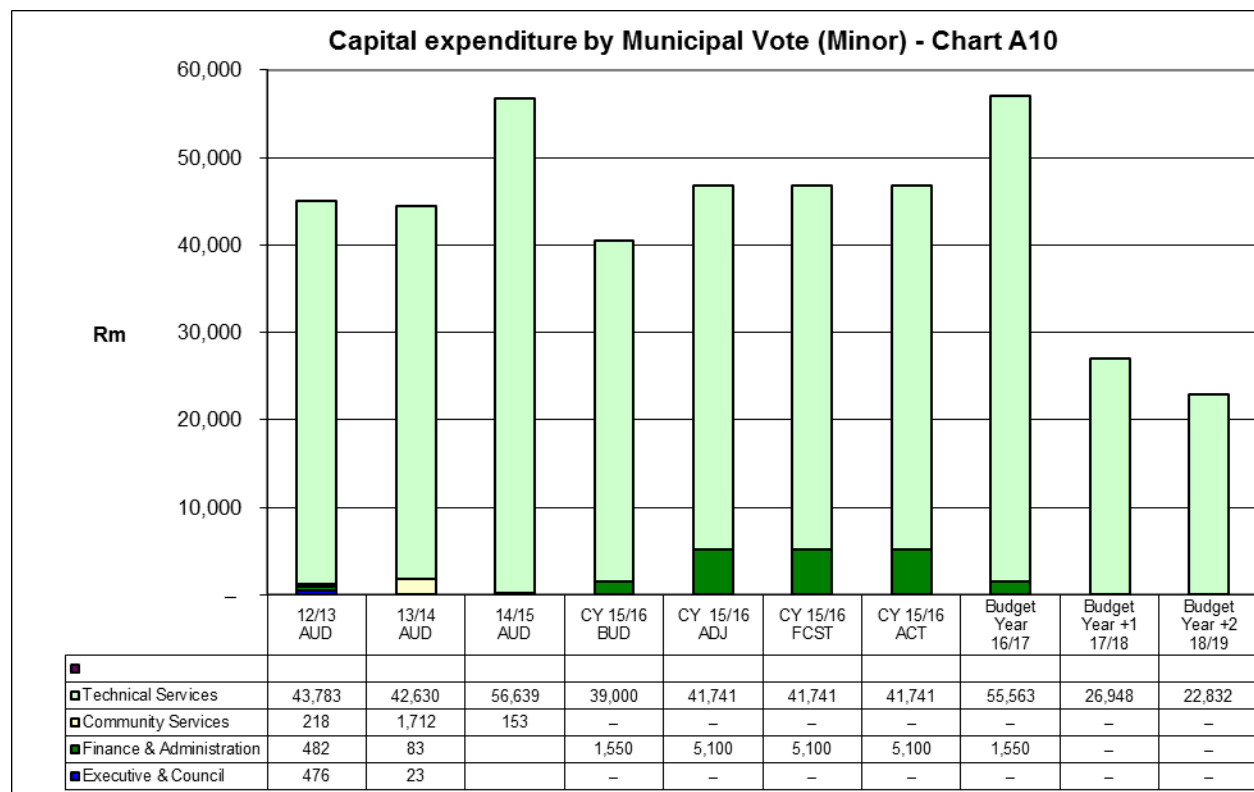


Figure 2 Capital Infrastructure Programme**1.6.1 Future operational cost of new infrastructure**

The future operational costs and revenues associated with the capital programme have been included in the MTREF expenditure. This concomitant operational expenditure is expected to escalate to R2.500 million by 2016/17 and to R2 million and R 1.500 million by 2017/18 and 2018/19 respectively. It needs to be noted that as part of the 2016/17 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/2017 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 6 MBRR Table A1 - Budget Summary

NC072 Umsobomvu - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	4,900	4,802	8,521	8,295	8,613	8,613	8,613	8,958	9,495	10,065
Service charges	40,963	45,734	49,214	58,979	61,506	61,506	61,506	65,572	69,867	74,445
Investment revenue	914	693	532	422	471	471	471	422	422	422
Transfers recognised - operational	45,252	33,932	41,830	39,919	39,748	39,748	39,748	40,925	43,479	46,911
Other own revenue	14,159	9,932	16,573	10,478	16,032	16,032	16,032	16,360	16,917	17,504
Total Revenue (excluding capital transfers and contributions)	106,189	95,093	116,669	118,093	126,370	126,370	126,370	132,237	140,181	149,347
Employee costs	30,143	33,695	34,412	40,628	42,312	42,312	42,312	47,216	51,449	56,073
Remuneration of councillors	2,488	2,992	2,996	3,092	3,122	3,122	3,122	3,246	3,246	3,246
Depreciation & asset impairment	28,037	27,893	28,622	23,844	29,480	29,480	29,480	29,407	29,341	29,281
Finance charges	127	466	384	310	344	344	344	310	290	290
Materials and bulk purchases	15,756	18,410	18,731	21,284	21,284	21,284	21,284	22,962	24,775	26,732
Transfers and grants	-	-	-	8,967	8,967	8,967	8,967	9,537	10,107	10,815
Other expenditure	51,909	41,323	44,165	37,134	41,880	41,880	41,880	40,752	41,266	41,897
Total Expenditure	128,458	124,780	129,310	135,259	147,390	147,390	147,390	153,430	160,473	168,334
Surplus/(Deficit)	(22,270)	(29,687)	(12,641)	(17,166)	(21,020)	(21,020)	(21,020)	(21,193)	(20,293)	(18,987)
Transfers recognised - capital	40,621	52,349	32,114	55,563	77,945	77,945	77,945	28,091	23,074	17,967
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	18,352	22,663	19,473	38,398	56,925	56,925	56,925	6,898	2,781	(1,021)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	18,352	22,663	19,473	38,398	56,925	56,925	56,925	6,898	2,781	(1,021)
Capital expenditure & funds sources										
Capital expenditure	44,448	50,429	39,695	57,273	78,179	78,179	78,179	29,641	23,074	17,967
Transfers recognised - capital	37,358	48,607	38,964	55,563	77,945	77,945	77,945	28,091	23,074	17,967
Public contributions & donations	3,125	334	456	-	-	-	-	-	-	-
Borrowing	3,847	-	-	-	-	-	-	-	-	-
Internally generated funds	118	1,488	275	1,710	234	234	234	1,550	-	-
Total sources of capital funds	44,448	50,429	39,695	57,273	78,179	78,179	78,179	29,641	23,074	17,967
Financial position										
Total current assets	68,898	57,409	69,265	54,737	78,544	78,544	78,544	82,403	84,776	88,088
Total non current assets	482,742	504,023	515,047	597,522	556,223	556,223	556,223	550,189	536,112	518,477
Total current liabilities	43,985	33,212	36,329	800	33,133	33,133	33,133	27,167	27,157	27,047
Total non current liabilities	31,252	26,209	26,188	22,453	26,188	26,188	26,188	25,887	25,587	25,287
Community wealth/Equity	476,403	502,011	521,795	629,006	575,446	575,446	575,446	579,537	568,143	554,231
Cash flows										
Net cash from (used) operating	42,846	36,296	38,833	58,818	77,057	77,057	77,057	34,115	29,408	24,989
Net cash from (used) investing	(44,448)	(50,429)	(39,289)	(50,007)	(71,001)	(71,001)	(71,001)	(29,641)	(23,074)	(17,967)
Net cash from (used) financing	4,018	(330)	(1,043)	(670)	(781)	(781)	(781)	(655)	(510)	(260)
Cash/cash equivalents at the year end	34,410	19,947	18,448	17,452	23,723	23,723	23,723	27,542	33,365	40,128
Cash backing/surplus reconciliation										
Cash and investments available	34,410	19,947	18,448	26,040	23,723	23,723	23,723	27,542	33,365	40,128
Application of cash and investments	17,149	(4,446)	(6,214)	(24,752)	(18,975)	(18,975)	(18,975)	(27,198)	(24,147)	(21,096)
Balance - surplus (shortfall)	17,261	24,392	24,661	50,792	42,698	42,698	42,698	54,740	57,512	61,224
Asset management										
Asset register summary (WDV)	41,254	548,349	515,047	598,682	554,162	554,162	550,189	550,189	536,112	518,477
Depreciation & asset impairment	28,037	27,893	28,622	23,844	29,480	29,480	29,407	29,407	29,341	29,281
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	2,108	2,167	3,932	3,275	4,043	4,043	3,722	3,722	3,724	3,724
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	660	700	247	742	742	742	771	771	818	867
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	0	0	-	0	0	0	0	0	0	0
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2017/18 the water backlog will have been eliminated.

Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC072 Umsobomvu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		40,294	39,430	47,517	50,600	52,129	52,129	53,032	56,305	60,189
Executive and council		29,319	30,684	32,382	34,931	34,931	34,931	36,658	39,317	42,376
Budget and treasury office		10,458	8,726	15,124	15,649	17,187	17,187	16,363	16,975	17,800
Corporate services		517	20	12	20	11	11	11	12	13
<i>Community and public safety</i>		2,624	2,363	13,637	6,087	10,187	10,187	10,655	11,229	11,813
Community and social services		741	1,164	5,802	2,834	2,478	2,478	2,561	2,730	2,890
Sport and recreation		5	-	-	-	-	-	-	-	-
Public safety		1,878	1,198	7,429	3,253	7,709	7,709	8,094	8,499	8,924
Housing		1	-	406	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		743	5,222	7,719	1,060	8,043	8,043	17,651	60	60
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		743	5,222	7,719	1,060	8,043	8,043	17,651	60	60
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		103,150	100,427	79,910	115,909	133,956	133,956	78,989	95,661	95,251
Electricity		36,776	29,471	25,025	38,927	42,559	42,559	47,105	51,168	48,410
Water		45,269	57,738	39,977	51,252	68,210	68,210	15,418	27,038	28,338
Waste water management		15,933	7,472	8,599	19,209	16,536	16,536	9,417	9,982	10,581
Waste management		5,173	5,747	6,309	6,521	6,651	6,651	7,050	7,473	7,922
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	146,810	147,442	148,783	173,656	204,315	204,315	160,328	163,255	167,314
Expenditure - Standard										
<i>Governance and administration</i>		32,197	37,949	36,815	46,319	44,316	44,316	46,024	48,414	51,294
Executive and council		17,212	19,423	17,470	20,464	20,998	20,998	21,772	22,741	23,880
Budget and treasury office		10,848	13,848	13,658	20,270	17,587	17,587	17,986	18,881	20,069
Corporate services		4,138	4,679	5,687	5,584	5,732	5,732	6,265	6,793	7,345
<i>Community and public safety</i>		6,496	10,034	13,963	13,414	17,951	17,951	18,455	19,599	20,831
Community and social services		2,229	5,928	5,486	5,872	7,312	7,312	7,035	7,369	7,718
Sport and recreation		1,240	1,130	925	2,745	2,831	2,831	3,085	3,356	3,660
Public safety		2,572	2,442	7,034	4,135	7,067	7,067	7,566	8,061	8,595
Housing		455	533	518	661	741	741	769	813	859
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		16,119	15,015	16,286	11,080	16,521	16,521	17,741	18,369	18,920
Planning and development		47	-	-	-	-	-	-	-	-
Road transport		16,072	15,015	16,286	11,080	16,521	16,521	17,741	18,369	18,920
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		73,646	61,781	62,245	64,446	68,601	68,601	71,211	74,091	77,289
Electricity		32,562	26,588	23,576	27,466	26,438	26,438	27,930	29,892	32,063
Water		22,844	26,800	23,604	22,094	26,652	26,652	27,326	27,722	28,151
Waste water management		6,386	8,809	8,935	9,814	9,289	9,289	9,527	9,853	10,214
Waste management		11,854	(417)	6,130	5,073	6,223	6,223	6,428	6,624	6,861
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	128,458	124,780	129,310	135,258	147,390	147,390	153,430	160,473	168,334
Surplus/(Deficit) for the year		18,352	22,663	19,473	38,398	56,925	56,925	6,898	2,782	(1,021)

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 4 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water, Waste water and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 8 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC072 Umsobomvu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		29,319	30,684	32,382	34,931	34,931	34,931	36,658	39,317	42,376
Vote 2 - FINANCE & ADMIN		10,480	8,746	15,135	15,669	17,198	17,198	16,374	16,988	17,813
Vote 3 - COMMUNITY SERVICES		3,118	2,363	13,637	6,087	10,187	10,187	10,655	11,229	11,813
Vote 4 - TECHNICAL SERVICES		103,893	105,650	87,629	116,969	141,999	141,999	96,640	95,721	95,311
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	146,810	147,442	148,783	173,656	204,315	204,315	160,328	163,255	167,314
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE & COUNCIL		17,212	19,423	17,470	20,464	20,998	20,998	21,772	22,741	23,880
Vote 2 - FINANCE & ADMIN		13,947	18,527	19,345	25,855	23,318	23,318	24,251	25,673	27,414
Vote 3 - COMMUNITY SERVICES		7,581	10,034	13,963	13,414	17,951	17,951	18,455	19,599	20,831
Vote 4 - TECHNICAL SERVICES		89,718	76,796	78,531	75,526	85,123	85,123	88,951	92,460	96,209
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	128,458	124,780	129,310	135,258	147,390	147,390	153,430	160,473	168,334
Surplus/(Deficit) for the year	2	18,352	22,663	19,473	38,398	56,925	56,925	6,898	2,781	(1,021)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 9 Surplus/(Deficit) calculations for the trading services

VOTE DESCRIPTION R THOUSAND	2012/13	2013/14	2014/15	CURRENT YEAR 2015/16			2016/17 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjustment Budget	Full Year Forecast	Budget Year 2016/17	Budget Year + 1 2017/18	Budget Year + 2 2018/19
ELECTRICITY - REVENUE	36,776,438	29,471,076	25,024,885	38,926,651	42,559,298	42,559,298	47,104,506	51,167,536	48,410,148
ELECTRICITY - EXPENDITURE	32,562,218	26,588,384	23,575,811	27,465,550	26,437,610	26,437,610	27,929,731	29,891,912	32,063,222
	4,214,219	2,882,692	1,449,074	11,461,101	16,121,688	16,121,688	19,174,775	21,275,624	16,346,926
% Surplus (Deficit)	11.46%	9.78%	5.79%	29.44%	37.88%	37.88%	40.71%	41.58%	33.77%
WATER - REVENUE	45,268,557	57,737,804	39,976,741	51,251,878	68,210,013	68,210,013	15,417,943	27,038,427	28,338,313
WATER - EXPENDITURE	22,844,057	26,800,186	23,603,978	22,093,539	26,651,643	26,651,643	27,325,624	27,721,960	28,151,333
	22,424,500	30,937,618	16,372,763	29,158,339	41,558,370	41,558,370	(11,907,681)	(683,533)	186,980
% Surplus (Deficit)	49.54%	53.58%	40.96%	56.89%	60.93%	60.93%	-77.23%	-2.53%	0.66%

2. The electricity trading surplus is increasing in 2016/17 from 37.88 per cent to 40.71 per cent and it is decreasing in 2018/19, from 37.88 per cent or R16 121 688 in 2015/16, to 33.77 per cent. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The surplus on the water account decreases from 60.93 per cent in 2015/16 to a deficit of 77.23 per cent in 2016/17 and the deficit decreases over the two outer years to 2.53 per cent and to a surplus of 0.66 per cent respectively.
4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC072 Umsobomvu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source												
Property rates	2		4,735	4,632	8,313	8,117	8,406	8,406	8,406	8,742	9,266	9,822
Property rates - penalties & collection charges			165	170	208	179	208	208	208	216	229	243
Service charges - electricity revenue	2		20,205	22,230	23,150	31,258	33,541	33,541	33,541	35,891	38,405	41,096
Service charges - water revenue	2		9,686	11,040	12,274	13,128	13,118	13,118	13,118	13,945	14,781	15,668
Service charges - sanitation revenue	2		6,143	7,009	7,816	8,259	8,492	8,492	8,492	9,000	9,540	10,112
Service charges - refuse revenue	2		4,934	5,455	5,974	6,333	6,355	6,355	6,355	6,737	7,141	7,569
Service charges - other			(4)	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			413	407	1,046	1,103	887	887	887	938	993	1,051
Interest earned - external investments			914	693	532	422	471	471	471	422	422	422
Interest earned - outstanding debtors			1,813	1,634	1,980	1,806	2,055	2,055	2,055	2,047	2,139	2,237
Dividends received			-	-	-	-	-	-	-	-	-	-
Fines			1,392	684	4,685	2,521	5,321	5,321	5,321	5,586	5,864	6,156
Licences and permits			473	531	2,774	757	2,413	2,413	2,413	2,533	2,659	2,792
Agency services			-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational			45,252	33,932	41,830	39,919	39,748	39,748	39,748	40,925	43,479	46,911
Other revenue	2		10,067	6,675	6,089	4,291	5,357	5,357	5,357	5,256	5,262	5,268
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			106,189	95,093	116,669	118,093	126,370	126,370	126,370	132,237	140,181	149,347
Expenditure By Type												
Employee related costs	2		30,143	33,695	34,412	40,628	42,312	42,312	42,312	47,216	51,449	56,073
Remuneration of councillors			2,488	2,992	2,996	3,092	3,122	3,122	3,122	3,246	3,246	3,246
Debt impairment	3		6,907	8,606	3,786	5,458	6,196	6,196	6,196	6,194	6,192	6,190
Depreciation & asset impairment	2		28,037	27,893	28,622	23,844	29,480	29,480	29,480	29,407	29,341	29,281
Finance charges			127	466	384	310	344	344	344	310	290	290
Bulk purchases	2		15,756	18,410	18,731	21,284	21,284	21,284	21,284	22,962	24,775	26,732
Other materials	8		-	-	-	-	-	-	-	-	-	-
Contracted services			2,485	-	-	-	-	-	-	-	-	-
Transfers and grants			-	-	-	8,967	8,967	8,967	8,967	9,537	10,107	10,815
Other expenditure	4, 5		42,439	32,688	40,263	31,674	35,683	35,683	35,683	34,537	35,054	35,687
Loss on disposal of PPE			78	28	115	1	1	1	1	20	20	20
Total Expenditure			128,458	124,780	129,310	135,259	147,390	147,390	147,390	153,430	160,473	168,334
Surplus/(Deficit)			(22,270)	(29,687)	(12,641)	(17,166)	(21,020)	(21,020)	(21,020)	(21,193)	(20,293)	(18,987)
Transfers recognised - capital			40,621	52,349	32,114	55,563	77,945	77,945	77,945	28,091	23,074	17,967
Contributions recognised - capital	6		-	-	-	-	-	-	-	-	-	-
Contributed assets			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			18,352	22,663	19,473	38,398	56,925	56,925	56,925	6,898	2,781	(1,021)
Taxation			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation			18,352	22,663	19,473	38,398	56,925	56,925	56,925	6,898	2,781	(1,021)
Attributable to minorities			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality			18,352	22,663	19,473	38,398	56,925	56,925	56,925	6,898	2,781	(1,021)
Share of surplus/ (deficit) of associate	7		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year			18,352	22,663	19,473	38,398	56,925	56,925	56,925	6,898	2,781	(1,021)

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total revenue is R132.237 million in 2016/17 and increases to R140.181 million by 2017/18. This represents a year-on-year increase of just 4.64 per cent for the 2016/2017 financial year and 6.01 per cent increase for the 2017/18 financial year.
- Revenue to be generated from property rates is R 8.406 million in the 2015/16 financial year and increase to R 8.742 by 2016/17 as the property rates tariff will be increased by 4%. This constitute 6.61 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent and 6 per cent for each of the respective outer years of the MTREF.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 65.572 million for the 2016/2017 financial year and increasing to R69.567 million by 2017/18. For the 2016/17 financial year services charges amount to 49.59 per cent of the total revenue base and grows by 0.26 per cent over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 6.24 per cent and 7.89 per cent for the two outer years.
5. The following graph illustrates the major expenditure items per type.

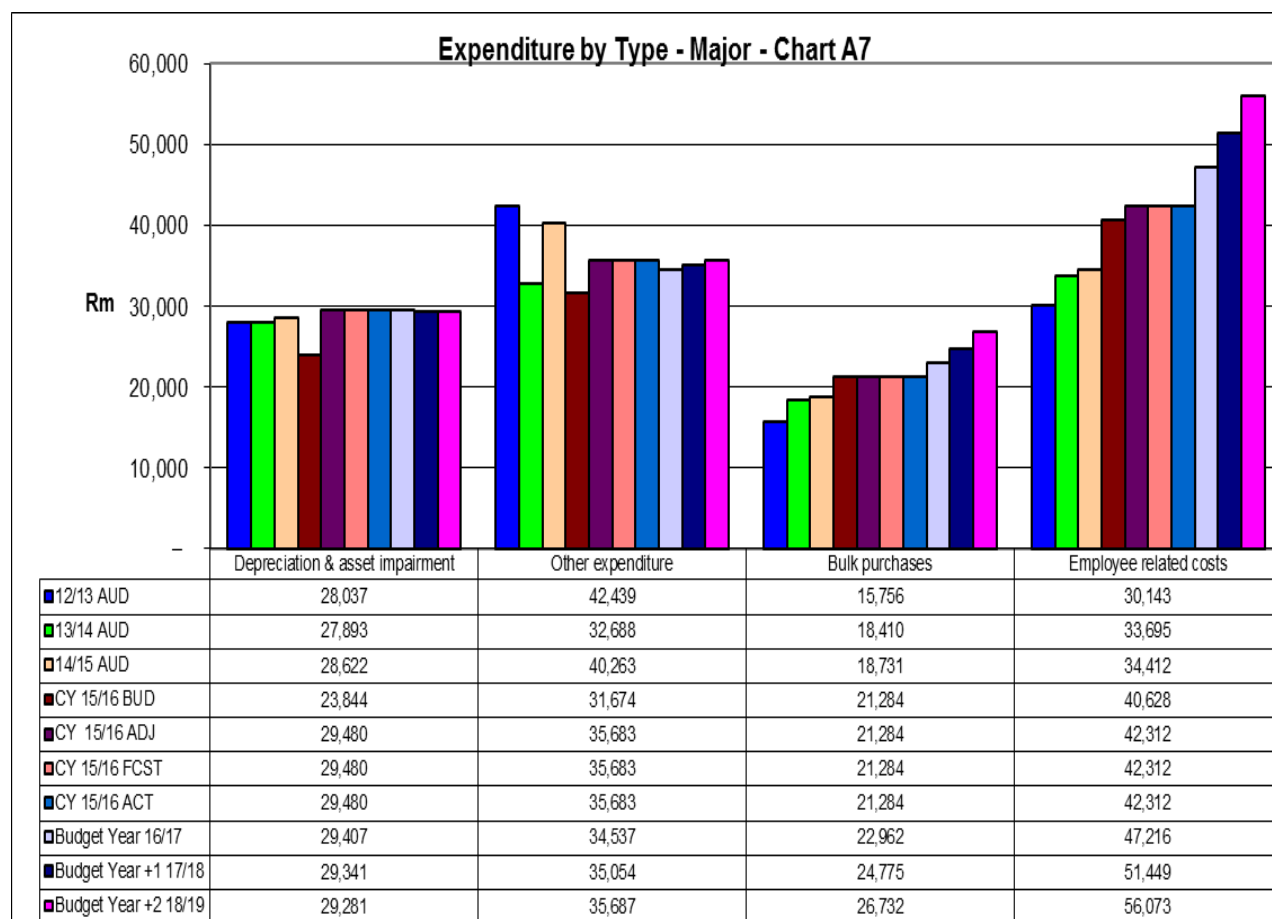


Figure 3 Expenditure by major type

6. Bulk purchases have significantly increased over the 2012/2013 to 2018/19 period escalating from R15.756 million to R26.732 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from DWAF.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**NC072 Umsobomvu - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	-	-	-	-
Vote 3 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	28,750	-	36,872	54,000	54,000	54,000	-	11,074	11,467
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	28,750	-	36,872	54,000	54,000	54,000	-	11,074	11,467
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		23	661	34	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		83	334	193	1,710	234	234	234	1,550	-	-
Vote 3 - COMMUNITY SERVICES		1,712	198	4,550	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		42,630	20,536	34,918	18,691	23,945	23,945	23,945	28,091	12,000	6,500
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		44,448	21,729	39,695	20,401	24,179	24,179	24,179	29,641	12,000	6,500
Total Capital Expenditure - Vote		44,448	50,479	39,695	57,273	78,179	78,179	78,179	29,641	23,074	17,967
Capital Expenditure - Standard											
Governance and administration		106	995	227	1,710	234	234	234	1,550	-	-
Executive and council		23	661	34	-	-	-	-	-	-	-
Budget and treasury office		31		180	1,550	74	74	74	1,550	-	-
Corporate services		52	334	13	160	160	160	160	-	-	-
Community and public safety		-	198	4,550	-	-	-	-	-	-	-
Community and social services			198	4,144							
Sport and recreation											
Public safety											
Housing				406							
Health											
Economic and environmental services		393	3,524	4,829	1,000	7,944	7,944	7,944	17,591	-	-
Planning and development											
Road transport		393	3,524	4,829	1,000	7,944	7,944	7,944	17,591	-	-
Environmental protection											
Trading services		43,949	45,711	30,089	54,563	70,001	70,001	70,001	10,500	23,074	17,967
Electricity		3,125	2,447	1,344	7,000	8,350	8,350	8,350	10,500	12,000	6,500
Water		28,870	43,214	28,746	36,872	54,000	54,000	54,000	-	11,074	11,467
Waste water management		10,242	50		10,691	7,651	7,651	7,651	-	-	-
Waste management		1,712									
Other											
Total Capital Expenditure - Standard	3	44,448	50,429	39,695	57,273	78,179	78,179	78,179	29,641	23,074	17,967
Funded by:											
National Government		37,309	48,607	38,964	55,563	77,945	77,945	77,945	28,091	23,074	17,967
Provincial Government		49									
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	37,358	48,607	38,964	55,563	77,945	77,945	77,945	28,091	23,074	17,967
Public contributions & donations	5	3,125	334	456							
Borrowing	6	3,847	-								
Internally generated funds		118	1,488	275	1,710	234	234	234	1,550		
Total Capital Funding	7	44,448	50,429	39,695	57,273	78,179	78,179	78,179	29,641	23,074	17,967

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R29.641 million for the 2016/2017 financial year and decreases to R12 million and R 6.500 million in 2017/2018 and 2018/2019 respective financial years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national, provincial grants and transfers and internally generated funds. For 2016/2017, capital transfers totals consist of R28.091 million (94.77 per cent national and 5.23 per cent internally generated) and R23.074 million by 2017/18 (100 per cent). These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 12 MBRR Table A6 - Budgeted Financial Position**NC072 Umsobomvu - Table A6 Budgeted Financial Position**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		34,410	10,440	12,505	20,040	17,424	17,424	17,424	20,820	26,222	32,563
Call investment deposits	1	–	9,507	5,943	6,000	6,299	6,299	6,299	6,721	7,143	7,565
Consumer debtors	1	27,168	37,057	43,345	28,697	50,345	50,345	50,345	50,385	46,934	43,483
Other debtors		6,907	7	7,075		4,075	4,075	4,075	4,075	4,075	4,075
Current portion of long-term receivables				3		–	–	–	–	–	–
Inventory	2	413	398	394		401	401	401	401	401	401
Total current assets		68,898	57,409	69,265	54,737	78,544	78,544	78,544	82,403	84,776	88,088
Non current assets											
Long-term receivables											
Investments											
Investment property		1,655	1,655	2,061	1,655	2,061	2,061	2,061	2,061	2,061	2,061
Investment in Associate											
Property, plant and equipment	3	480,928	502,295	512,927	594,317	554,088	554,088	554,088	546,578	534,051	516,416
Agricultural											
Biological											
Intangible		159	73	59	1,550	74	74	74	1,550	–	–
Other non-current assets											
Total non current assets		482,742	504,023	515,047	597,522	556,223	556,223	556,223	550,189	536,112	518,477
TOTAL ASSETS		551,640	561,432	584,312	652,259	634,767	634,767	634,767	632,592	620,888	606,565
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	864	933	911	800	911	911	911	800	650	400
Consumer deposits		674	697	742		761	761	761	906	1,046	1,186
Trade and other payables	4	42,112	30,657	33,735	–	30,500	30,500	30,500	24,500	24,500	24,500
Provisions		335	925	941		961	961	961	961	961	961
Total current liabilities		43,985	33,212	36,329	800	33,133	33,133	33,133	27,167	27,157	27,047
Non current liabilities											
Borrowing		3,699	3,300	2,279	2,857	1,279	1,279	1,279	979	679	379
Provisions		27,553	22,909	23,909	19,596	24,908	24,908	24,908	24,908	24,908	24,908
Total non current liabilities		31,252	26,209	26,188	22,453	26,188	26,188	26,188	25,887	25,587	25,287
TOTAL LIABILITIES		75,237	59,421	62,517	23,253	59,320	59,320	59,320	53,054	52,744	52,334
NET ASSETS	5	476,403	502,011	521,795	629,006	575,446	575,446	575,446	579,537	568,143	554,231
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	476,403	502,011	521,795	629,006	575,446	575,446	575,446	579,537	568,143	554,231
Reserves		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	476,403	502,011	521,795	629,006	575,446	575,446	575,446	579,537	568,143	554,231

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 47 is supported by an extensive table of notes (SA3 which can be found on page 101) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves

- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 13 MBRR Table A7 - Budgeted Cash Flow Statement

NC072 Umsobomvu - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		1,956	4,102	6,358	8,295	8,613	8,613	8,613	8,958	9,495	10,065
Service charges		31,091	35,709	33,237	50,096	52,434	52,434	52,434	57,167	60,940	64,964
Other revenue		10,925	15,477	16,201	8,671	14,109	14,109	14,109	14,313	14,778	15,267
Government - operating	1	45,863	28,059	34,264	39,919	39,616	39,616	39,616	40,925	43,479	46,911
Government - capital	1	34,315	45,385	38,942	55,563	71,001	71,001	71,001	28,091	23,074	17,967
Interest		914	693	2,512	2,228	2,996	2,996	2,996	2,469	2,561	2,659
Dividends				-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(82,092)	(92,663)	(92,298)	(96,678)	(102,401)	(102,401)	(102,401)	(107,962)	(114,523)	(121,738)
Finance charges		(127)	(466)	(384)	(310)	(344)	(344)	(344)	(310)	(290)	(290)
Transfers and Grants	1	-	-	-	(8,967)	(8,967)	(8,967)	(8,967)	(9,537)	(10,107)	(10,815)
NET CASH FROM/(USED) OPERATING ACTIVITIES		42,846	36,296	38,833	58,818	77,057	77,057	77,057	34,115	29,408	24,989
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			(0)		-				-	-	-
Decrease (Increase) in non-current debtors			-		-				-	-	-
Decrease (increase) other non-current receivables			-		-				-	-	-
Decrease (increase) in non-current investments			-		-				-	-	-
Payments											
Capital assets		(44,448)	(50,429)	(39,289)	(50,007)	(71,001)	(71,001)	(71,001)	(29,641)	(23,074)	(17,967)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(44,448)	(50,429)	(39,289)	(50,007)	(71,001)	(71,001)	(71,001)	(29,641)	(23,074)	(17,967)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans					-				-	-	-
Borrowing long term/refinancing		4,385			-				-	-	-
Increase (decrease) in consumer deposits				-	130	130	130	130	145	140	140
Payments											
Repayment of borrowing		(367)	(330)	(1,043)	(800)	(911)	(911)	(911)	(800)	(650)	(400)
NET CASH FROM/(USED) FINANCING ACTIVITIES		4,018	(330)	(1,043)	(670)	(781)	(781)	(781)	(655)	(510)	(260)
NET INCREASE/ (DECREASE) IN CASH HELD		2,415	(14,463)	(1,499)	8,141	5,275	5,275	5,275	3,819	5,824	6,763
Cash/cash equivalents at the year begin:	2	31,995	34,410	19,947	9,310	18,448	18,448	18,448	23,723	27,542	33,365
Cash/cash equivalents at the year end:	2	34,410	19,947	18,448	17,452	23,723	23,723	23,723	27,542	33,365	40,128

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality has been increasing over the 2012/13 to 2013/14 period and decreased in 2014/15 to R19.947 million. It is expected to significantly increase in the MTREF years ranging from R23.723 million in 2015/16 to R40.128 million by 2018/19.
4. The final 2016/2017 MTREF provide for a net increase in cash of R3.819 million for the 2015/16 financial year resulting in an overall projected positive cash position of R40.128 million at year end.
5. As part of the 2015/16 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the Municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors. These interventions translated into an expected net cash position of R18.448 million for the 2015/16 financial year and cash and cash equivalents totaled R23.723 million at year end.
7. The 2016/2017 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R27.542 million as at the end of the 2016/2017 financial year and increases to R40.128 million by 2018/19.

Table 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	34,410	19,947	18,448	17,452	23,723	23,723	23,723	27,542	33,365	40,128
Other current investments > 90 days		0	0	(0)	8,589	0	0	0	(0)	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		34,410	19,947	18,448	26,040	23,723	23,723	23,723	27,542	33,365	40,128
Application of cash and investments											
Unspent conditional transfers		24,002	11,165	9,715	-	7,500	7,500	7,500	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(6,853)	(15,610)	(15,929)	(24,752)	(26,475)	(26,475)	(26,475)	(27,198)	(24,147)	(21,096)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		17,149	(4,446)	(6,214)	(24,752)	(18,975)	(18,975)	(18,975)	(27,198)	(24,147)	(21,096)
Surplus(shortfall)		17,261	24,392	24,661	50,792	42,698	42,698	42,698	54,740	57,512	61,224

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2012/13 the surplus increased from R17.261 million to R61.224 million in 2018/19.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF is funded owing to the significant remaining surplus.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2016/2017 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to decrease from R61.224 million by 2018/19.

Table 15 MBRR Table A9 - Asset Management

NC072 Umsobomvu - Table A9 Asset Management										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	42,736	50,429	39,695	57,273	78,179	78,179	29,641	23,074	17,967
Infrastructure - Road transport		–	3,524	4,829	1,000	7,944	7,944	17,591	–	–
Infrastructure - Electricity		3,125	2,447	1,298	7,000	8,350	8,350	10,500	12,000	6,500
Infrastructure - Water		28,861	43,214	28,746	36,872	54,000	54,000	–	11,074	11,467
Infrastructure - Sanitation		8,448	50	–	10,691	7,651	7,651	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		40,434	49,235	34,872	55,563	77,945	77,945	28,091	23,074	17,967
Community		49	334	4,092	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	406	–	–	–	–	–	–
Other assets	6	2,245	860	301	160	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		8	–	24	1,550	234	234	1,550	–	–
<u>Total Renewal of Existing Assets</u>	2	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		–	–	–	–	–	–	–	–	–
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
<u>Total Capital Expenditure</u>	4	–	–	–	–	–	–	–	–	–
Infrastructure - Road transport		–	3,524	4,829	1,000	7,944	7,944	17,591	–	–
Infrastructure - Electricity		3,125	2,447	1,298	7,000	8,350	8,350	10,500	12,000	6,500
Infrastructure - Water		28,861	43,214	28,746	36,872	54,000	54,000	–	11,074	11,467
Infrastructure - Sanitation		8,448	50	–	10,691	7,651	7,651	–	–	–
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		40,434	49,235	34,872	55,563	77,945	77,945	28,091	23,074	17,967
Community		49	334	4,092	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	406	–	–	–	–	–	–
Other assets	6	2,245	860	301	160	–	–	–	–	–
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		8	–	24	1,550	234	234	1,550	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	42,736	50,429	39,695	57,273	78,179	78,179	29,641	23,074	17,967
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5		142,077	121,363	148,077	148,077	148,077	142,627	142,627	124,993
Infrastructure - Electricity		(1,875)	48,960	24,367	57,210	57,210	57,210	57,210	44,683	44,683
Infrastructure - Water		28,861	272,535	248,011	345,183	301,733	301,733	186,564	186,564	186,564
Infrastructure - Sanitation		8,448	85,978	57,456	85,978	85,978	85,978	85,978	85,978	85,978
Infrastructure - Other			32,758	39,555	41,406	41,406	41,406	41,406	41,406	41,406
Infrastructure		35,434	582,308	490,753	677,854	634,404	634,404	513,785	501,258	483,624
Community		49	8,895	12,068	8,895	8,895	8,895	8,895	8,895	8,895
Heritage assets			(68,320)		(115,169)	(115,169)	(115,169)			
Investment properties		1,655	1,655	2,061	1,655	2,061	2,061	2,061	2,061	2,061
Other assets		3,957	23,738	10,106	23,898	23,898	23,898	23,898	23,898	23,898
Agricultural Assets										
Biological assets										
Intangibles		159	73	59	1,550	74	74	1,550		
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	41,254	548,349	515,047	598,682	554,162	554,162	550,189	536,112	518,477
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		28,037	27,893	28,622	23,844	29,480	29,480	29,407	29,341	29,281
<u>Repairs and Maintenance by Asset Class</u>	3	2,108	2,167	3,932	3,275	4,043	4,043	3,722	3,724	3,724
Infrastructure - Road transport		230	10	388	370	370	370	370	370	370
Infrastructure - Electricity		601	541	1,002	811	1,261	1,261	911	891	891
Infrastructure - Water		300	500	459	350	400	400	500	500	500
Infrastructure - Sanitation		50	90	229	300	300	300	250	250	250
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Infrastructure		1,181	1,141	2,078	1,831	2,331	2,331	2,031	2,011	2,011
Community		25	95	861	10	10	10	5	5	5
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	902	931	993	1,434	1,702	1,702	1,686	1,708	1,708
TOTAL EXPENDITURE OTHER ITEMS		30,145	30,060	32,554	27,119	33,523	33,523	33,129	33,065	33,005
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.4%	0.4%	0.8%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%
Renewal and R&M as a % of PPE		5.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations as the focus of resources is on new Basic service infrastructure and repair and maintenance amounts to 0.55 per cent as prioritised in the IDP.

Table 16 MBRR Table A10 - Basic Service Delivery Measurement

NC072 Umsobomvu - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		4,399	4,799	–	5,299	8,505	8,505	8,505	8,505	8,505
Piped water inside yard (but not in dwelling)		3,104	3,104	–	3,404	289	289	289	289	289
Using public tap (at least min.service level)	2	270	270	–	270	12	12	12	12	12
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		7,773	8,173	–	8,973	8,806	8,806	8,806	8,806	8,806
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	7,773	8,173	–	8,973	8,806	8,806	8,806	8,806	8,806
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		7,049	7,449	–	7,949	7,722	7,722	7,722	7,722	7,722
Flush toilet (with septic tank)		112	112	–	112	236	236	236	236	236
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		612	612	–	612	794	794	794	794	794
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>		7,773	8,173	–	8,673	8,752	8,752	8,752	8,752	8,752
Bucket toilet		43	43	–	43	54	54	54	54	54
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		43	43	–	43	54	54	54	54	54
Total number of households	5	7,816	8,216	–	8,716	8,806	8,806	8,806	8,806	8,806
Energy:										
Electricity (at least min.service level)		2,822	2,822	–	2,822	2,822	2,822	2,822	2,822	2,822
Electricity - prepaid (min.service level)		4,951	5,351	–	5,851	5,984	5,984	5,984	5,984	5,984
<i>Minimum Service Level and Above sub-total</i>		7,773	8,173	–	8,673	8,806	8,806	8,806	8,806	8,806
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	7,773	8,173	–	8,673	8,806	8,806	8,806	8,806	8,806
Refuse:										
Removed at least once a week		7,773	8,173	–	8,673	7,769	7,769	7,769	7,769	7,769
<i>Minimum Service Level and Above sub-total</i>		7,773	8,173	–	8,673	7,769	7,769	7,769	7,769	7,769
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
<i>Below Minimum Service Level sub-total</i>		–	–	–	–	–	–	–	–	–
Total number of households	5	7,773	8,173	–	8,673	7,769	7,769	7,769	7,769	7,769
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week for indigent households)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		–	–	–	–	–	–	–	–	–
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		660	585		494	494	494	514	545	577
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		–	115	247	247	247	247	257	273	289
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	660	700	247	742	742	742	771	818	867

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time. These households are largely found in 'reception areas' and will need to be moved to formal areas so that they can receive services.
 - b. Sanitation services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time.
 - c. Electricity services – backlog will be eradicated over the MTREF. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades.
 - d. Refuse services – backlog does not exist at this stage.
3. The budget provides for 3 782 households to be registered as indigent in 2016/2017, and therefore entitled to receiving Free Basic Services. The number is set to increase to 4032 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R0.747 million per month or R 9.537 million in 2016/2017 increasing to R10.815 million in 2018/19. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 18 September 2015. Key dates applicable to the process were:

- **August 2015** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2016/2017 MTREF;
- **November 2015** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **11 to 25 January 2016** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2016** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **3 March 2016** - Council considers the 2015/16 Mid-year Review and Adjustments Budget;

- **February 2016** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The final 2016/17 MTREF is revised accordingly;
- **31 March 2016** - Tabling in Council of the final 2016/2017 IDP and 2016/2017 MTREF for public consultation;
- **April 2016** – The final 2016/2017 MTREF as tabled before Council on 31 March 2016 for community consultation was published on the municipality's website, and hard copies have been made available at customer care offices, municipal notice boards and various libraries;
- **13 May 2016** - Closing date for written comments, no comments were received;
- **13 to 27 May 2016** – finalisation of the 2016/2017 IDP and 2016/2017 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2016** - Tabling of the 2016/2017 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the fourth review of the IDP as adopted by Council in May 2012. It started in September 2015 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/2017 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/2017 MTREF, based on the approved 2015/16 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/2017 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/2017 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
 - Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
 - The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 and 79 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The final 2016/2017 MTREF as tabled before Council on 31 May 2016 for community consultation was published on the municipality's website, and hard copies have been made available at customer care offices, municipal notice boards and various libraries. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) have been provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the

municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 17 IDP Strategic Objectives

2015/16 Financial Year	2016/2017 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation

3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Umsobomvu principles through a caring, accessible and accountable service	4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide Municipality planning services; and
 - Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective Municipality cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Umsobomvu in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2016/2017 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 18 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC072 Umsobomvu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
				R thousand								
Basic Services	Provision & maintenance of infrastructure & basic services	1										
	PUBLIC WORKS	1		743	5,222	7,719	1,060	8,043	8,043	17,651	60	60
	WORKSHOP	5		-	-							
	HOUSING SERVICES	5		1	-	406						
	WATER TREATMENT WORKS	6		-								
	WATER	1		45,269	57,738	39,977	51,252	68,210	68,210	15,418	27,038	28,338
	SEWERAGE	1		15,933	7,472	8,599	19,209	16,536	16,536	9,417	9,982	10,581
	WASTE WATER TREATMENT WORKS	3		-	-							
	SOLID WASTE	3		5,173	5,747	6,309	6,521	6,651	6,651	7,050	7,473	7,922
	ELECTRICITY	4		36,776	29,471	25,025	38,927	42,559	42,559	47,105	51,168	48,410
	REFUSE DUPM	2		-								
	Municipal Institutional Development and Transformation	Social Services										
PARKS & RECREATION		2		5	-							
TRAFFIC SERVICES		13		1,878	1,198	7,429	3,253	7,709	7,709	8,094	8,499	8,924
MUSEUM		12		3	4	1	2	6	6	6	6	6
LIBRARIES		8		717	710	992	1,686	1,543	1,543	1,570	1,680	1,777
CEMETERIES		9		21	22	21	24	24	24	26	27	29
PROPERTY SERVICES		15		495	429	4,788	1,121	905	905	960	1,017	1,078
ASSESSMENT RATES		8		4,793	4,916	8,521	8,295	8,613	8,613	8,958	9,495	10,065
Local Economic Development	Tourism											
	LED AND IDP	3		(0)	-		1					
Municipal Financial Viability and Management	To effectively manage the revenue and expenditure functions of the municipality											
	FINANCE	17		5,665	3,809	6,603	7,354	8,574	8,574	7,405	7,480	7,735
Good Governance and Public Participation	Council											
	MAYOR											
	COUNCIL EXPENSES	17		29,319	30,684	32,382	34,931	34,931	34,931	36,658	39,317	42,376
	MUNICIPAL MANAGER	17										
	CORPORATE SERVICE	17		22	20	12	20	11	11	11	12	13
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	146,810	147,442	148,783	173,656	204,315	204,315	160,328	163,255	167,314

Table 19 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC072 Umsobomvu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Basic Services	Provision & maintenance of infrastructure & basic services	1											
	PUBLIC WORKS	1		15,640	14,629	15,899	10,659	16,094	16,094	17,280	17,867	18,374	
	WORKSHOP	5		432	386	387	421	427	427	461	502	546	
	HOUSING SERVICES	5		455	533	518	661	741	741	769	813	859	
	WATER TREATMENT WORKS	6											
	WATER	1		22,844	26,800	23,604	22,094	26,652	26,652	27,326	27,722	28,151	
	SEWERAGE	1		6,386	8,809	8,935	9,814	9,289	9,289	9,527	9,853	10,214	
	WASTE WATER TREATMENT WORKS	3											
	SOLID WASTE	3		11,854	(417)	6,130	5,073	6,223	6,223	6,428	6,624	6,861	
	ELECTRICITY	4		32,562	26,588	23,576	27,466	26,438	26,438	27,930	29,892	32,063	
	REFUSE DUPM	2											
	Municipal Institutional Development and Transformation	Social Services											
PARKS & RECREATION		2		1,240	1,130	925	2,745	2,831	2,831	3,085	3,356	3,660	
TRAFFIC SERVICES		13		2,572	2,442	7,034	4,135	7,067	7,067	7,566	8,061	8,595	
MUSEUM		12		643	556	482	558	512	512	559	609	664	
LIBRARIES		8		1,081	1,074	1,044	2,605	1,542	1,542	1,571	1,679	1,776	
CEMETERIES		9		506	2,183	1,242	671	1,972	1,972	1,437	1,439	1,454	
PROPERTY SERVICES		15		1,038	2,116	2,717	2,039	3,286	3,286	3,469	3,641	3,824	
ASSESSMENT RATES		8		364	2,087	774	2,761	1,161	1,161	1,128	1,128	1,128	
Local Economic Development	Tourism												
	LED AND IDP	3		47									
Municipal Financial Viability and Management	To effectively manage the revenue and expenditure functions of the municipality												
	FINANCE	17		10,483	11,760	12,884	17,510	16,425	16,425	16,859	17,753	18,941	
Good Governance and Public Participation	Council												
	MAYOR			13,371	2,598	2,717	2,730	2,768	2,768	2,942	3,100	3,273	
	COUNCIL EXPENSES	17		1,309	14,998	12,797	15,145	15,726	15,726	16,158	16,789	17,559	
	MUNICIPAL MANAGER	17		2,532	1,826	1,956	2,589	2,504	2,504	2,672	2,852	3,048	
	CORPORATE SERVICE	17		3,100	4,679	5,687	5,584	5,732	5,732	6,265	6,793	7,345	
Allocations to other priorities													
Total Expenditure				1	128,458	124,780	129,310	135,258	147,390	147,390	153,430	160,473	168,334

Table 20 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NC072 Umsobomvu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework				
				2012/13	2013/14	2014/15							
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand													
Basic Services	Provision & maintenance of infrastructure & basic services	1											
	PUBLIC WORKS	1		393	3,524	4,829	1,000	7,944	7,944	17,591	-	-	
	WORKSHOP	5											
	HOUSING SERVICES	5				406							
	WATER TREATMENT WORKS	6											
	WATER	1		28,870	43,214	28,746	36,872	54,000	54,000	-	11,074	-	
	SEWERAGE	1		10,242	50		10,691	7,651	7,651	-	-	11,467	
	WASTE WATER TREATMENT WORKS	3											
	SOLID WASTE	3		1,712									
	ELECTRICITY	4		3,125	2,447	1,344	7,000	8,350	8,350	10,500	12,000	6,500	
	REFUSE DUPM	2											
		4											
	Municipal Institutional Development and Transformation	Social Services											
		PARKS & RECREATION	2										
TRAFFIC SERVICES		13											
MUSEUM		12											
LIBRARIES		8											
CEMETERIES		9											
PROPERTY SERVICES		15			198	4,144							
ASSESSMENT RATES		8											
Local Economic Development	Tourism	17											
	LED AND IDP	3											
Municipal Financial Viability and Management		7											
	To effectively manage the revenue and expenditure functions of the municipality												
Good Governance and Public Participation	FINANCE	17		31		180	1,550	74	74	1,550	-	-	
	Council												
Good Governance and Public Participation	MAYOR												
	COUNCIL EXPENSES	17		23	661	34							
	MUNICIPAL MANAGER	17											
	CORPORATE SERVICE	17		52	334	13	160	160	160				
		16											
Allocations to other priorities			3										
Total Capital Expenditure			1	44,448	50,429	39,695	57,273	78,179	78,179	29,641	23,074	17,967	

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

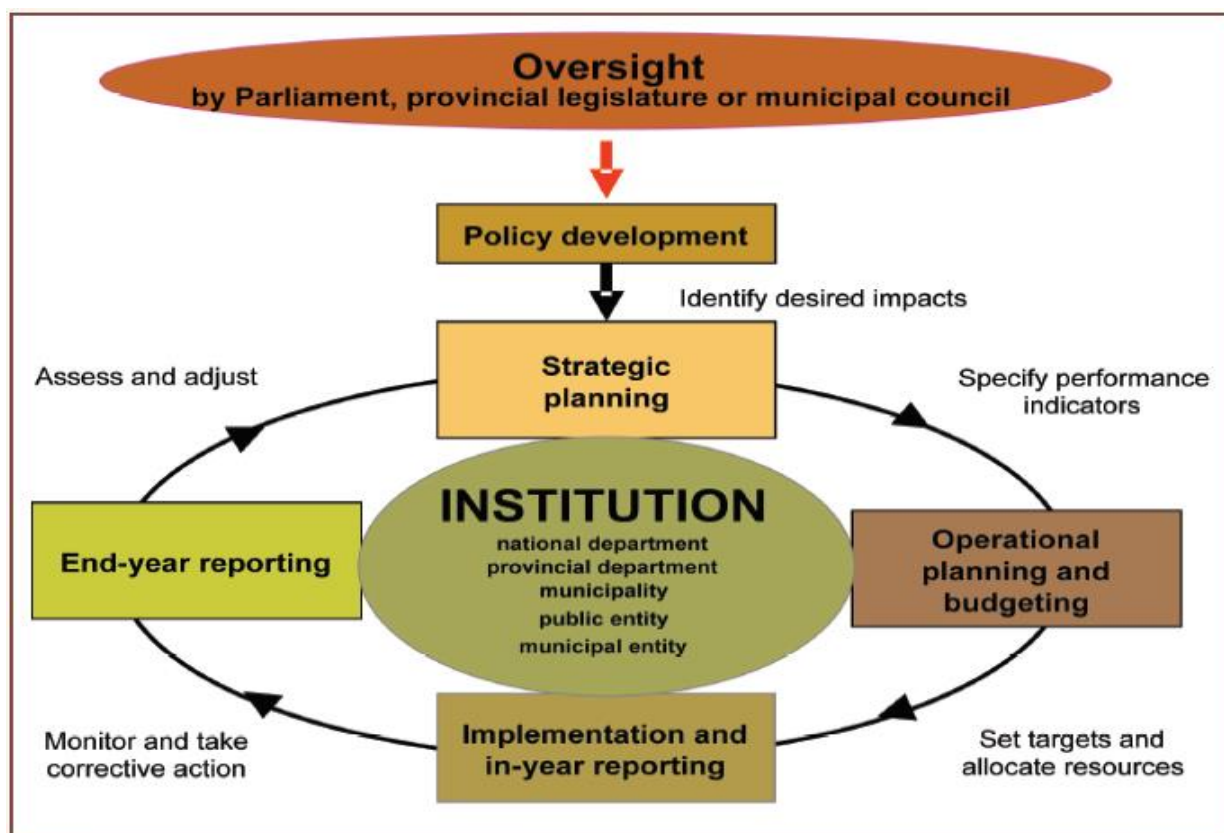


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);

- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

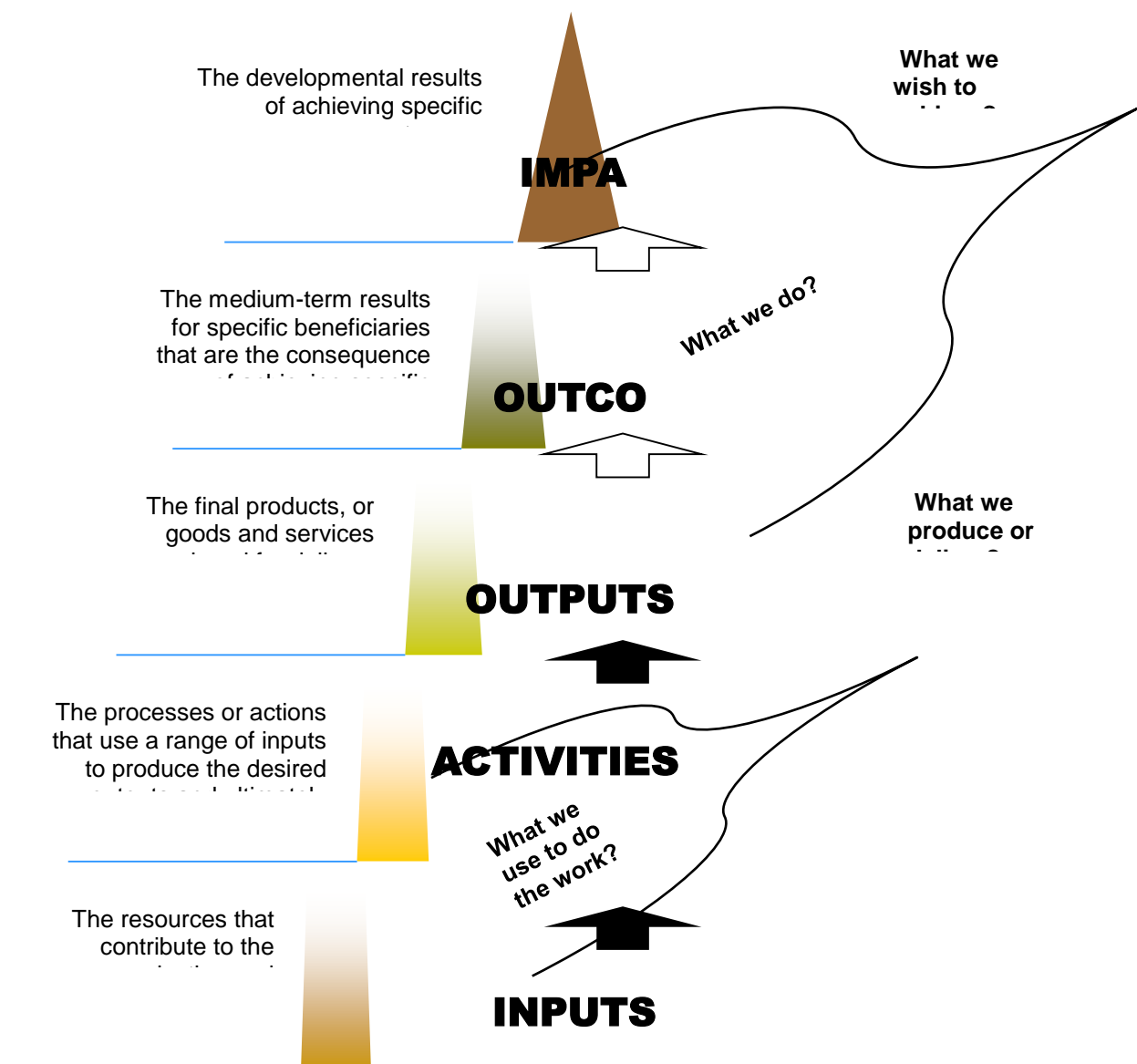


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 21 MBRR Table SA7 - Measurable performance objectives

NC072 Umsobomvu - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Council										
Council and Municipal Manager										
Council										
Annual performance reporting	Annual report and	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Approval of adjustments budget	Approval of adjustments	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective functioning of committee system	No of section 79	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Effective functioning of MPAC	No of MPAC meetings	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Effective functioning of ward committees	No of ward committee	8.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Approval of final budget	Approval of final budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mayor										
Approval of SDBIP	Approval of SDBIP before	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Municipal Manager										
Functional Internal Audit unit	Reviewed and approved	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Functional performance audit committee	No of meetings of the	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Improved good governance	%implementation of anti-									
Institutional performance management system	No of performance	4.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Municipality comply with all relevant legislation	No of compliance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance										
Finance										
Clean Audit	% of Root causes of	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of total conditional	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Preparation of financial statements	Financial statements	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Updated indigent register for the provision of	Updated indigent register	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of conditional capital		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New financial system	% procurement of new		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improved revenue collection	% debt recovery rate	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Effective Supply Chain Management System	No of tenders	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reduce section 32 expenditure	Value less < than R5m	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Asset Management	Compliance with GRAP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Corporate Services										
Corporate Services										
Sub-function 1 - (name)										
Reaching of employment equity targets	% Target reached as per	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Targeted skills development	The % of budget spent on	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective labour relations	No of LLF meetings	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Effective and update HR policies	Revision of all HR	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Local Economic Development										
Reviewed IDP	IDP reviewed annually	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Enhancement of economic development	Value of contracts signed									
Employment through job creation initiatives	No of temporary jobs	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Community Services										
Maintenance of halls and facilities	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Technical Services										
Roads and Stormwater										
Sub-function 1 - (name)										
Improvement in conditional grant spending-	% of conditional capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of municipal roads	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of municipal roads (Reseal)	Kilometres of roads	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Maintenance of refuse removal services	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of sanitation services	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of water assets	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New water connections	No of new water	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Replacement of existing water meters	No of meters replaced									
Maintenance of electricity network	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New electricity connections	No of new electricity	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Replacement of existing electricity meters	No of electricity meters	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Maintenance of stormwater services	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Insert measure/s description										
Entity 3 - (name of entity)										
Insert measure/s description										
And so on for the rest of the Votes										

Table 22 MBRR Table SA8 - Performance indicators and benchmarks

NC072 Umsobomvu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.4%	0.6%	1.1%	0.8%	0.9%	0.9%	0.9%	0.7%	0.6%	0.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.8%	1.3%	1.9%	1.4%	1.4%	1.4%	1.4%	1.2%	1.0%	0.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	110.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1.6	1.7	1.9	68.4	2.4	2.4	2.4	3.0	3.1	3.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.6	1.7	1.9	68.4	2.4	2.4	2.4	3.0	3.1	3.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.8	0.6	0.5	32.5	0.7	0.7	0.7	1.0	1.2	1.5
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		72.1%	78.8%	68.6%	86.8%	87.1%	87.1%	87.1%	88.7%	88.8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		72.1%	78.8%	68.6%	86.8%	87.1%	87.1%	87.1%	88.7%	88.8%	88.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	32.1%	39.0%	43.2%	24.3%	43.1%	43.1%	43.1%	41.2%	36.4%	31.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		52.6%	91.6%	118.9%	0.0%	88.5%	88.5%	88.5%	76.2%	62.9%	52.3%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	28.4%	35.4%	29.5%	34.4%	33.5%	33.5%	33.5%	35.7%	36.7%	37.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.4%	39.6%	0.0%	37.0%	36.0%	36.0%		38.2%	39.0%	39.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.0%	2.3%	3.4%	2.8%	3.2%	3.2%		2.8%	2.7%	2.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	26.5%	29.8%	24.9%	20.5%	23.6%	23.6%	23.6%	22.5%	21.1%	19.8%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	59.6	17.2	24.7	20.0	20.0	20.0	26.5	28.4	31.6	33.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	73.6%	72.8%	85.8%	42.0%	76.6%	76.6%	76.6%	72.2%	63.5%	55.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	5.5	3.1	2.9	2.5	3.3	3.3	3.3	3.6	4.0	4.5

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Umsobomvu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is 19.33 per cent in 2016/2017 and decreases to 14.39 per cent and 10.68 per cent over the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is zero per cent which substantiates the above mentioned statement that the Municipality has reached its prudential borrowing limits.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in the Municipality's debt service profile, which predicts large debt service costs between 2012 and 2018. Debt service costs are expected to peak in 2017 due to the redemption of the last few term loans held by the Municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2016/2017 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016/2017 MTREF the current ratio is 3.04 in the 2016/2017

financial year and 3.13 and 3.27 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 0.72 and as part of the financial planning strategy it has been stabilized at 1.02 in the 2016/17 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2016/2017 financial year 3782 registered indigents have been provided for in the budget with this figured increasing to 4032 by 2017/18. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, sanitation and free waste removal equivalent to removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 44.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The total water supply of is extracted and treated by the municipality, from rivers and boreholes.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as adopted by Council in March 2016 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2016/2017 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, a payment incentive scheme has been implemented and has delivered significant results in the recovery of older debt.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in March 2016. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.5 Budget Policy

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget Policies were adopted by Council in March 2016.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was adopted by Council in March 2016. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2016/2017 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2015/16 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about 400 jobs were created, our economy shrank by an estimated 1.8 per cent last. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2016 will be .7 per cent rising to .8 per cent by 2018.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2016/2017 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 30.72 per cent of total operating expenditure in the 2016/2017 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

No credit rating have been done by the Municipality

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for Umsobomvu Municipality the 2016/2017 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2016/2017 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (85 per cent) of annual billings. Cash flow is assumed to be 85 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

In the absence of a collective agreement regarding salaries/wages, a provision of 9 per cent has been made for the 2016/17 financial year.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2016/2017 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 12 Summary of Operating Expenditure by Standard Classification item							
Expenditure Type	Current Year 2015/2016			2016/17 Medium Term Revenue & Expenditure Framework			
	Original Budget	Adjustment Budget	Full Year Forecast	Budget Year 2016/2017	% Increase (Decrease)	Budget Year +1 2017/2018	Budget Year +2 2018/2019
Employee related costs	40,627,602	42,311,911	42,311,911	47,215,689	11.59%	51,448,608	56,073,292
Remuneration of councillors	3,091,745	3,122,360	3,122,360	3,246,332	3.97%	3,246,332	3,246,332
Debt impairment	5,458,470	6,196,324	6,196,324	6,194,054	-0.04%	6,192,011	6,190,172
Depreciation & asset impairment	23,843,783	29,480,306	29,480,306	29,406,915	-0.25%	29,340,863	29,281,416
Finance charges	310,000	343,695	343,695	310,000	-9.80%	290,000	290,000
Bulk purchases	21,284,464	21,284,464	21,284,464	22,962,421	7.88%	24,774,615	26,731,784
Other materials	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-
Transfers and grants	8,966,670	8,966,670	8,966,670	9,536,950	6.36%	10,107,188	10,814,737
Other expenditure	31,674,325	35,682,693	35,682,693	34,537,489	-3.21%	35,053,541	35,686,729
Loss on disposal of PPE	1,228	1,228	1,228	20,000	1528.66%	20,000	20,000
	135,258,287	147,389,651	147,389,651	153,429,850	4.10%	160,473,158	168,334,462

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.

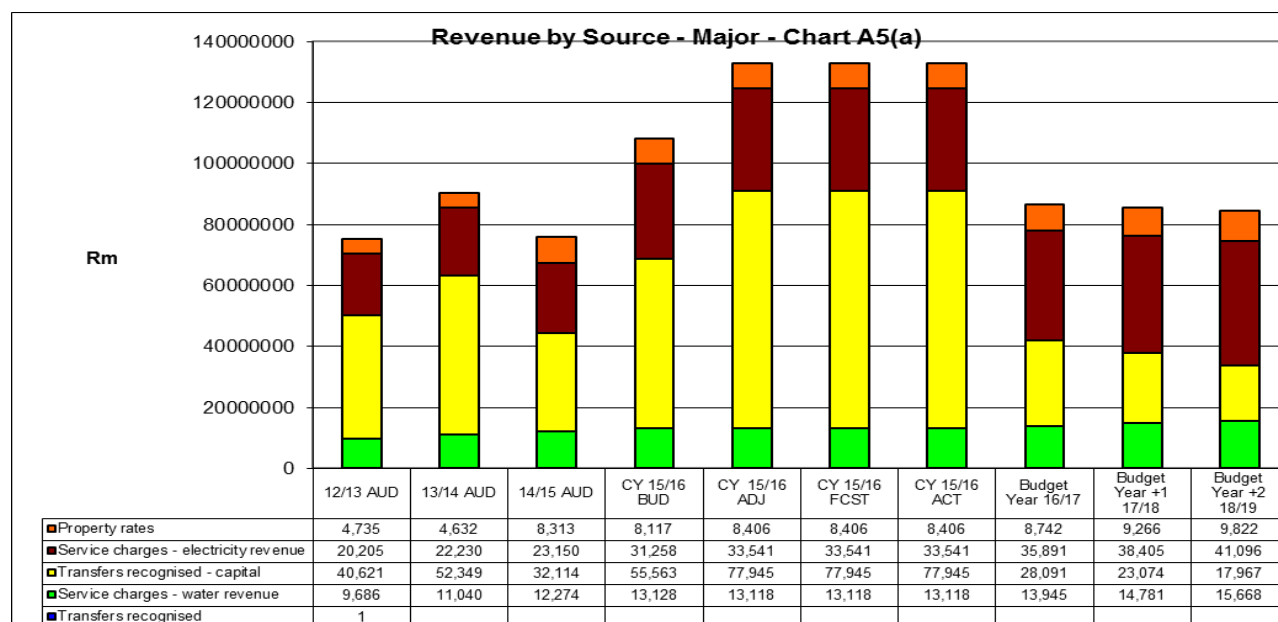


Figure 6 Breakdown of operating revenue over the 2016/17 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2016/17 MTREF on the different revenue categories are:

Table 33 Proposed Tariff increase over the Medium Term						
Revenue Category	2016/17 Proposed Tariff Increase	2017/18 Proposed Tariff Increase	2018/19 Proposed Tariff Increase	2016/17 Additional Revenue For Each 1% Tariff Increase	2017/18 Additional Revenue Owing to 1% Tariff Increase	2018/19 Total Budgeted Revenue
	%	%	%	R'000	R'000	R'000
Property Rates	4.00%	6.00%	6.00%	R 336.00	R 525.00	R 556.00
Sanitation	6.00%	6.00%	6.00%	R 508.00	R 540.00	R 572.00
Solid Waste	6.00%	6.00%	6.00%	R 381.00	R 404.00	R 428.00
Water	6.00%	6.00%	6.00%	R 826.00	R 837.00	R 887.00
Electricity	7.00%	7.00%	7.00%	R 2,350.00	R 2,514.00	R 2,691.00
Total				R 4,401.00	R 4,820.00	R 5,134.00

Revenue to be generated from property rates is R 8.742 million in the 2016/17 financial year and increases to R 9.822 million by 2018/19 which represents 6.58 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered a strategic revenue source a general valuation process was undertaken in the 2014/15 financial year. The outcome of this

initiative is closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R65.572 million for the 2016/17 financial year and increasing to R69.876 million by 2017/18. For the 2016/17 financial year services charges amount to 49.59 per cent of the total revenue base and grows by 0.25 and 0.01 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R40.925 million, R43.479 million and R46.911 million for each of the respective financial years of the MTREF, or 30.95, 31.02 and 31.41 per cent of operating revenue. The percentage of the total operational grants and transfers in relation to the total operating revenue is increasing owing to the high increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality.

The tables below provide detail investment information and investment particulars by maturity.

Table 23 MBRR SA15 – Detail Investment Information

NC072 Umsobomvu - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank			9,507	5,943	6,000	6,299	6,299	6,721	7,143	7,565
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	9,507	5,943	6,000	6,299	6,299	6,721	7,143	7,565
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	9,507	5,943	6,000	6,299	6,299	6,721	7,143	7,565

Table 24 MBRR SA16 – Investment particulars by maturity

NC072 Umsobomvu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed Interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months				3.								
Parent municipality														
CAPITAL REPLACEMENT 1		Call	Notice			5				84	4			88
HOUSING DEVELOPMENT		Call	Notice			5				151	8			159
HOUSING DEVELOPMENT		Call	Notice			5				24	1			26
CAPITAL REPLACEMENT 4		3 Months	Notice		Variable	6.08				130	8			138
CAPITAL REPLACEMENT		Call	Notice		Variable	5.7				11	1			12
CAPITAL REPLACEMENT 5		Call	Notice		Variable	5.7				409	23			432
20-7482-3674		Call	Notice		Variable	6.7				5,498	368			5,866
Municipality sub-total										6,308				6,721
Entities														
														--
														--
														--
														--
														--
Entities sub-total										--				--
TOTAL INVESTMENTS AND INTEREST										6,308				6,721

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

Table 25 Sources of capital revenue over the MTREF

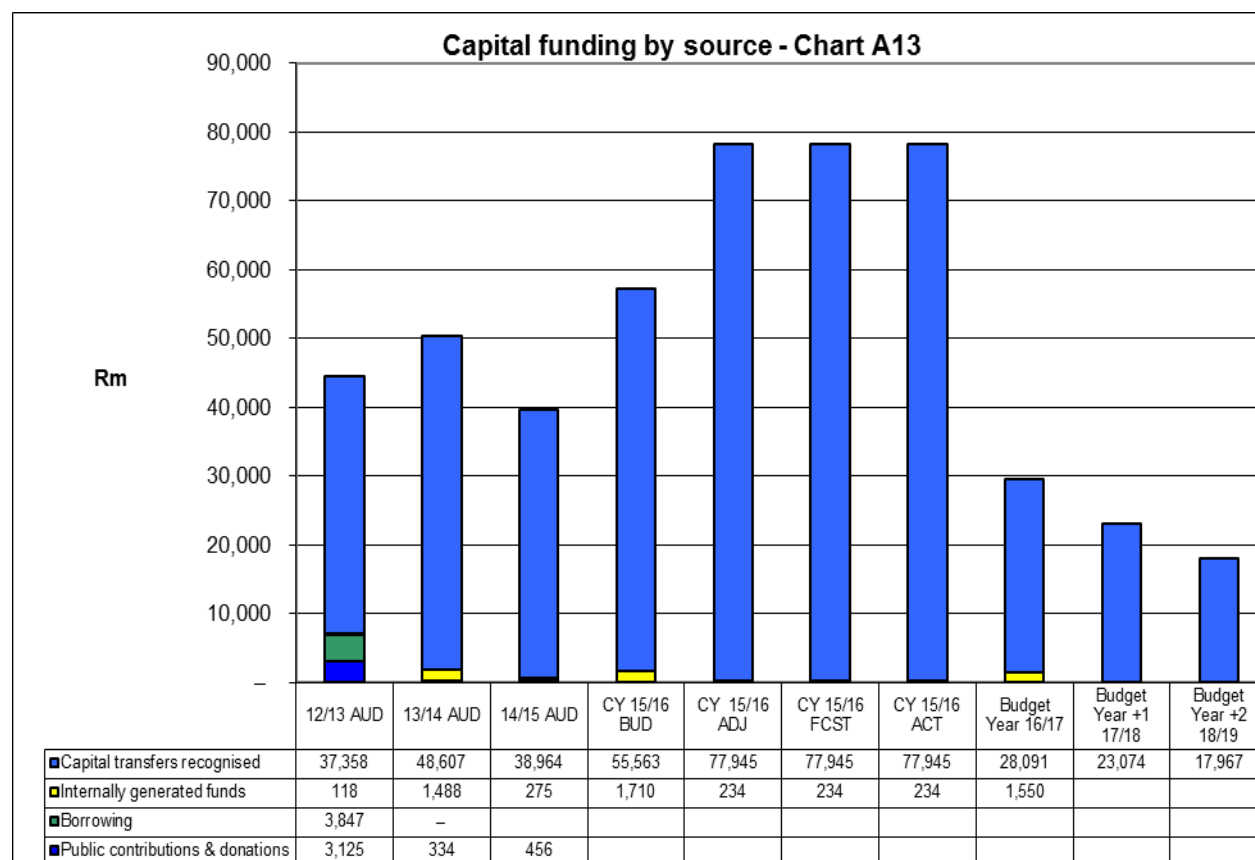


Figure 7 Sources of capital revenue for the 2015/16 financial year

Capital grants and receipts equates to 94.77 per cent of the total funding source which represents R28.091 million for the 2016/17 financial year and decrease to R23.074 million by 2017/18. Grants are decreasing by 36.04 per cent over the medium-term.

Borrowing still remains an insignificant funding source for the capital programme over the medium-term. As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 26 MBRR Table SA 17 - Detail of borrowings**NC072 Umsobomvu - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases		3,699	3,300	2,279	2,857	1,279	1,279	1,279	679	379
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	3,699	3,300	2,279	2,857	1,279	1,279	1,279	679	379
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	3,699	3,300	2,279	2,857	1,279	1,279	1,279	679	379

The following graph illustrates the growth in outstanding borrowing for the 2012/13 to 2018/19 period.

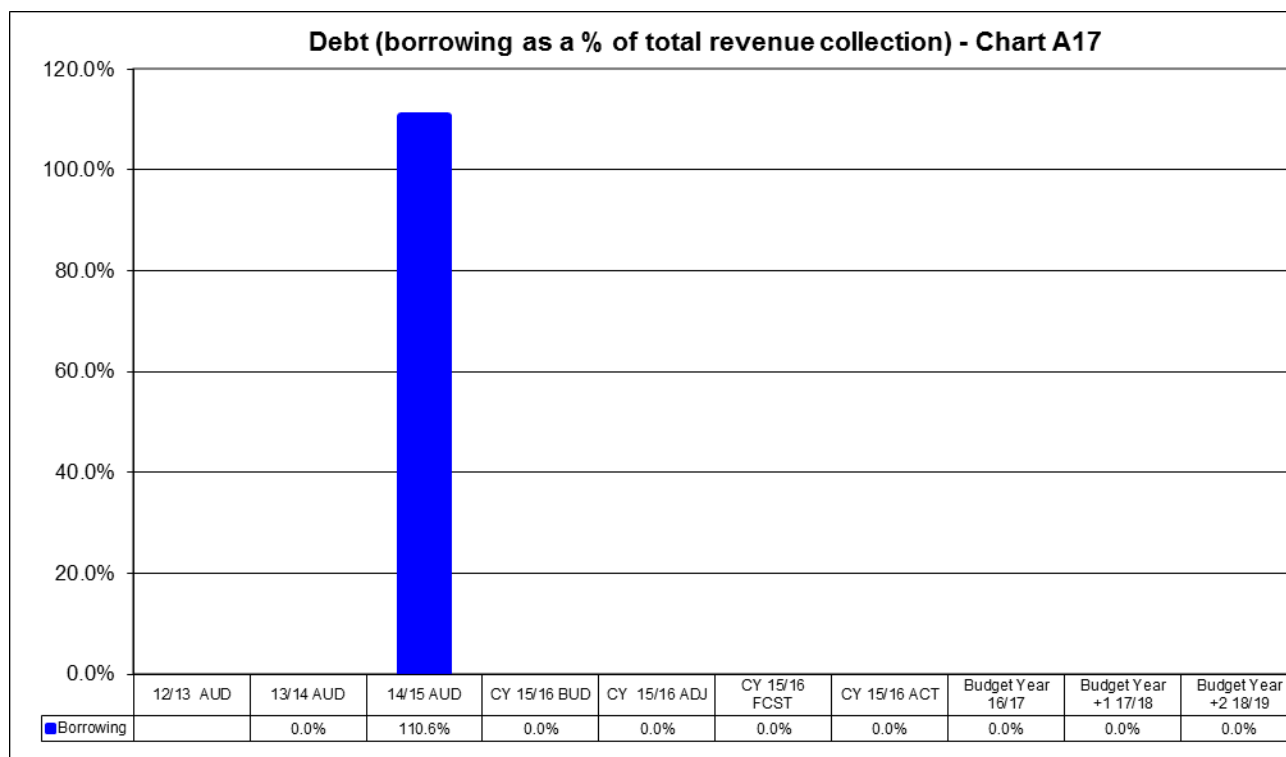
Figure 8 Growth in outstanding borrowing (long-term liabilities)

Table 27 MBRR Table SA 18 - Capital transfers and grant receipts

NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		31,619	34,152	35,673	38,234	38,206	38,206	39,356	41,800	45,135
Local Government Equitable Share		29,319	30,684	32,382	34,931	34,931	34,931	36,658	39,317	42,376
FINANCE MANAGEMENT		1,500	1,650	1,800	1,800	1,932	1,932	1,825	1,900	2,155
MSIG		800	890	934	940	940	940	-	-	-
MIG ADMIN - PMU			678	557	563	403	403	873	583	604
Energy Efficiency and Demand Management			250		-	-	-			
Other transfers/grants [insert description]										
Provincial Government:		715	708	991	1,685	1,542	1,542	1,569	1,679	1,776
DEPT ART & CULTURE (LIBRARY)		715	708	991	1,685	1,542	1,542	1,569	1,679	1,776
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	3,600	-	-	-	-	-	-	-
[insert description]			3,600							
Pula Nala										
Total Operating Transfers and Grants	5	32,334	38,460	36,664	39,919	39,748	39,748	40,925	43,479	46,911
Capital Transfers and Grants										
National Government:		51,921	47,473	43,091	55,563	77,945	77,945	28,091	23,074	17,967
RBIG - DWAF		28,350	31,000	30,000	36,872	54,000	54,000	-	-	-
HOUSING PROJECTS		-	-	-	-	-	-	-	-	-
EEDG		5,000	-	-	7,000	7,000	7,000	8,000	10,000	5,000
MIG - CAPITAL		14,271	12,873	10,591	10,691	14,595	14,595	16,591	11,074	11,467
INEP		3,300	2,600	1,500	-	1,350	1,350	2,500	2,000	1,500
EPWP		1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	2,600	-	-	-	-	-	-	-
[insert description]			2,600							
Total Capital Transfers and Grants	5	51,921	50,073	43,091	55,563	77,945	77,945	28,091	23,074	17,967
TOTAL RECEIPTS OF TRANSFERS & GRANTS		84,255	88,532	79,755	95,482	117,693	117,693	69,016	66,553	64,877

2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 28 MBRR Table A7 - Budget cash flow statement

NC072 Umsobomvu - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		1,956	4,102	6,358	8,295	8,613	8,613	8,613	8,958	9,495	10,065
Service charges		31,091	35,709	33,237	50,096	52,434	52,434	52,434	57,167	60,940	64,964
Other revenue		10,925	15,477	16,201	8,671	14,109	14,109	14,109	14,313	14,778	15,267
Government - operating	1	45,863	28,059	34,264	39,919	39,616	39,616	39,616	40,925	43,479	46,911
Government - capital	1	34,315	45,385	38,942	55,563	71,001	71,001	71,001	28,091	23,074	17,967
Interest		914	693	2,512	2,228	2,996	2,996	2,996	2,469	2,561	2,659
Dividends				-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(82,092)	(92,663)	(92,298)	(96,678)	(102,401)	(102,401)	(102,401)	(107,962)	(114,523)	(121,738)
Finance charges		(127)	(466)	(384)	(310)	(344)	(344)	(344)	(310)	(290)	(290)
Transfers and Grants	1	-	-	-	(8,967)	(8,967)	(8,967)	(8,967)	(9,537)	(10,107)	(10,815)
NET CASH FROM/(USED) OPERATING ACTIVITIES		42,846	36,296	38,833	58,818	77,057	77,057	77,057	34,115	29,408	24,989
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			(0)	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(44,448)	(50,429)	(39,289)	(50,007)	(71,001)	(71,001)	(71,001)	(29,641)	(23,074)	(17,967)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(44,448)	(50,429)	(39,289)	(50,007)	(71,001)	(71,001)	(71,001)	(29,641)	(23,074)	(17,967)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				-	-	-	-	-	-	-	-
Borrowing long term/refinancing		4,385		-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits				-	130	130	130	130	145	140	140
Payments											
Repayment of borrowing		(367)	(330)	(1,043)	(800)	(911)	(911)	(911)	(800)	(650)	(400)
NET CASH FROM/(USED) FINANCING ACTIVITIES		4,018	(330)	(1,043)	(670)	(781)	(781)	(781)	(655)	(510)	(260)
NET INCREASE/ (DECREASE) IN CASH HELD		2,415	(14,463)	(1,499)	8,141	5,275	5,275	5,275	3,819	5,824	6,763
Cash/cash equivalents at the year begin:	2	31,995	34,410	19,947	9,310	18,448	18,448	18,448	23,723	27,542	33,365
Cash/cash equivalents at the year end:	2	34,410	19,947	18,448	17,452	23,723	23,723	23,723	27,542	33,365	40,128

The adopted 2016/2017 MTREF provide for a further net increase in cash of R3.926 million for the 2016/17 year resulting in an overall projected positive cash position of R27.649 million at year end.

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 79 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 29 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available											
Cash/cash equivalents at the year end	1	34,410	19,947	18,448	17,452	23,723	23,723	23,723	27,542	33,365	40,128
Other current investments > 90 days		0	0	(0)	8,589	0	0	0	(0)	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		34,410	19,947	18,448	26,040	23,723	23,723	23,723	27,542	33,365	40,128
Application of cash and investments											
Unspent conditional transfers		24,002	11,165	9,715	-	7,500	7,500	7,500	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(6,853)	(15,610)	(15,929)	(24,752)	(26,475)	(26,475)	(26,475)	(27,198)	(24,147)	(21,096)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		17,149	(4,446)	(6,214)	(24,752)	(18,975)	(18,975)	(18,975)	(27,198)	(24,147)	(21,096)
Surplus(shortfall)		17,261	24,392	24,661	50,792	42,698	42,698	42,698	54,740	57,512	61,224

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 79– Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 30 MBRR SA10 – Funding compliance measurement

NC072 Umsobomvu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
			Funding measures									
Cash/cash equivalents at the year end - R'000	18(1)b	1	34,410	19,947	18,448	17,452	23,723	23,723	23,723	27,542	33,365	40,128
Cash + investments at the yr end less applications - R'000	18(1)b	2	17,261	24,392	24,661	50,792	42,698	42,698	42,698	54,740	57,512	61,224
Cash year end/monthly employee/supplier payments	18(1)b	3	5.5	3.1	2.9	2.5	3.3	3.3	3.3	3.6	4.0	4.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	476,403	22,663	19,473	38,029	56,925	56,925	56,925	6,898	2,781	(1,021)
Service charge rev. % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	4.2%	8.2%	10.5%	(1.8%)	(6.0%)	(6.0%)	0.3%	0.5%	0.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	73.3%	91.4%	75.1%	86.3%	87.2%	87.2%	87.2%	88.5%	88.5%	88.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	15.1%	17.0%	6.6%	8.1%	8.8%	8.8%	8.8%	8.3%	7.8%	7.3%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	99.0%	87.3%	90.8%	90.8%	90.8%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	61.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov't legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	8.8%	36.0%	(43.1%)	89.6%	0.0%	0.0%	0.1%	(6.3%)	(6.8%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.4%	0.4%	0.8%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Total Operating Revenue			106,189	95,093	116,669	118,093	126,370	126,370	126,370	132,237	140,181	149,347
Total Operating Expenditure			128,458	124,780	129,310	135,259	147,390	147,390	147,390	153,430	160,473	168,334
Operating Performance Surplus/(Deficit)			(22,270)	(29,687)	(12,641)	(17,166)	(21,020)	(21,020)	(21,020)	(21,193)	(20,293)	(18,987)
Cash and Cash Equivalents (30 June 2012)										27,542		
Revenue												
% Increase in Total Operating Revenue				(10.4%)	22.7%	1.2%	7.0%	0.0%	0.0%	4.6%	6.0%	6.5%
% Increase in Property Rates Revenue				(2.2%)	79.5%	(2.4%)	3.6%	0.0%	0.0%	4.0%	6.0%	6.0%
% Increase in Electricity Revenue				10.0%	4.1%	35.0%	7.3%	0.0%	0.0%	7.0%	7.0%	7.0%
% Increase in Property Rates & Services Charges				10.2%	14.2%	16.5%	4.2%	0.0%	0.0%	6.3%	6.5%	6.5%
Expenditure												
% Increase in Total Operating Expenditure				(2.9%)	3.6%	4.6%	9.0%	0.0%	0.0%	4.1%	4.6%	4.9%
% Increase in Employee Costs				11.8%	2.1%	18.1%	4.1%	0.0%	0.0%	11.6%	9.0%	9.0%
% Increase in Electricity Bulk Purchases				16.7%	0.6%	14.9%	0.0%	0.0%	0.0%	8.0%	8.0%	8.0%
Average Cost Per Budgeted Employee Position (Remuneration)					150930.7237	175118.9741				0		
Average Cost Per Councillor (Remuneration)					299597.5	309174.5				0		
R&M % of PPE			0.4%	0.4%	0.8%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Asset Renewal and R&M as a % of PPE			5.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Impairment % of Total Billable Revenue			15.1%	17.0%	6.6%	8.1%	8.8%	8.8%	8.8%	8.3%	7.8%	7.3%
Capital Revenue												
Internally Funded & Other (R'000)			3,243	1,822	731	1,710	234	234	234	1,550	-	-
Borrowing (R'000)			3,847	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			37,358	48,607	38,964	55,563	77,945	77,945	77,945	28,091	23,074	17,967
Internally Generated funds % of Non Grant Funding			45.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			54.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			84.0%	96.4%	98.2%	97.0%	99.7%	99.7%	99.7%	94.8%	100.0%	100.0%
Capital Expenditure												
Total Capital Programme (R'000)			44,448	50,429	39,695	57,273	78,179	78,179	78,179	29,641	23,074	17,967
Asset Renewal			-	-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash												
Cash Receipts % of Rate Payer & Other			73.3%	91.4%	75.1%	86.3%	87.2%	87.2%	87.2%	88.5%	88.5%	88.5%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0.4%	0.6%	1.1%	0.8%	0.9%	0.9%	0.9%	0.7%	0.6%	0.4%
Borrowing Receipts % of Capital Expenditure			61.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			17,261	24,392	24,661	50,792	42,698	42,698	42,698	54,740	57,512	61,224
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			1.1%	1.1%	0.3%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%
High Level Outcome of Funding Compliance												
Total Operating Revenue			106,189	95,093	116,669	118,093	126,370	126,370	126,370	132,237	140,181	149,347
Total Operating Expenditure			128,458	124,780	129,310	135,259	147,390	147,390	147,390	153,430	160,473	168,334
Surplus/(Deficit) Budgeted Operating Statement			(22,270)	(29,687)	(12,641)	(17,166)	(21,020)	(21,020)	(21,020)	(21,193)	(20,293)	(18,987)
Surplus/(Deficit) Considering Reserves and Cash Backing			17,261	24,392	24,661	50,792	42,698	42,698	42,698	54,740	57,512	61,224
MTREF Funded (1) / Unfunded (0)			15	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded *			15	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.6.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/2017 MTREF shows R27.542 million, R33.365 million and R40.128 million for each respective financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 14, on page 36. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As part of the 2016/2017 MTREF the municipalities improving cash position causes the ratio to move upwards. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2016/2017 MTREF the indicative outcome is a surplus of R6.898 million, R2.781 million and a deficit of R1.021 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0.3 and increases to 0.5 and 0.5 per cent for the respective financial years of the 2016/2017 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 7 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is consistent at 88.5 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 8.3, 7.8 and 7.3 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the Municipality can be found on page 67.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 44 MBRR SA34C on page 91.

2.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 45 MBRR SA34b on page 92.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 31 MBRR SA19 - Expenditure on transfers and grant programmes

NC072 Umsobomvu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		31,619	34,152	35,673	38,234	38,206	38,206	39,356	41,800	45,135
Local Government Equitable Share		29,319	30,684	32,382	34,931	34,931	34,931	36,658	39,317	42,376
FINANCE MANAGEMENT		1,500	1,650	1,800	1,800	1,932	1,932	1,825	1,900	2,155
MSIG		800	890	934	940	940	940	-	-	-
MIG ADMIN - PMU			678	557	563	403	403	873	583	604
Energy Efficiency and Demand Management			250		-	-	-			
Other transfers/grants [insert description]						-	-			
Provincial Government:		715	708	991	1,685	1,542	1,542	1,569	1,679	1,776
DEPT ART & CULTURE (LIBRARY)		715	708	991	1,685	1,542	1,542	1,569	1,679	1,776
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	3,600	-	-	-	-	-	-	-
[insert description]			3,600							
Total operating expenditure of Transfers and Grants		32,334	38,460	36,664	39,919	39,748	39,748	40,925	43,479	46,911
Capital expenditure of Transfers and Grants										
National Government:		51,921	47,473	43,091	55,563	77,945	77,945	28,091	23,074	17,967
RBIG - DWAF		28,350	31,000	30,000	36,872	54,000	54,000	-	-	-
HOUSING PROJECTS		-	-	-	-	-	-	-	-	-
EEDG		5,000	-	-	7,000	7,000	7,000	8,000	10,000	5,000
MIG - CAPITAL		14,271	12,873	10,591	10,691	14,595	14,595	16,591	11,074	11,467
INEP		3,300	2,600	1,500	-	1,350	1,350	2,500	2,000	1,500
EPWP		1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	2,600	-	-	-	-	-	-	-
[insert description]			2,600							
Total capital expenditure of Transfers and Grants		51,921	50,073	43,091	55,563	77,945	77,945	28,091	23,074	17,967
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		84,255	88,532	79,755	95,482	117,693	117,693	69,016	66,553	64,877

Table 32 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC072 Umsobomvu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds											
R thousand	Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	Operating transfers and grants:	1,3									
	National Government:										
	Balance unspent at beginning of the year			4,493							
	Current year receipts			34,402							
	Conditions met - transferred to revenue		-	38,895	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities										
	Provincial Government:										
	Balance unspent at beginning of the year										
	Current year receipts			708	991						
	Conditions met - transferred to revenue		-	708	991	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities										
	District Municipality:										
	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities										
	Other grant providers:										
	Balance unspent at beginning of the year			720							
	Current year receipts			3,600							
	Conditions met - transferred to revenue		-	4,320	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities										
	Total operating transfers and grants revenue		-	43,923	991	-	-	-	-	-	
	Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	
	Capital transfers and grants:	1,3									
	National Government:										
	Balance unspent at beginning of the year			8,012							
	Current year receipts			51,373	43,091						
	Conditions met - transferred to revenue		-	59,385	43,091	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities										
	Provincial Government:										
	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities										
	District Municipality:										
	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities										
	Other grant providers:										
	Balance unspent at beginning of the year										
	Current year receipts			2,600							
	Conditions met - transferred to revenue		-	2,600	-	-	-	-	-	-	
	Conditions still to be met - transferred to liabilities										
	Total capital transfers and grants revenue		-	61,985	43,091	-	-	-	-	-	
	Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	
	TOTAL TRANSFERS AND GRANTS REVENUE		-	105,907	44,082	-	-	-	-	-	
	TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	

2.8 Councillor and employee benefits

Table 33 MBRR SA22 - Summary of councillor and staff benefits

NC072 Umsobomvu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		2,084	2,694		3,092	3,122	3,122	3,246	3,246	3,246
Pension and UIF Contributions			—							
Medical Aid Contributions			—							
Motor Vehicle Allowance		267	205							
Cellphone Allowance		137	140							
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		2,488	3,039	—	3,092	3,122	3,122	3,246	3,246	3,246
% increase	4		22.1%	(100.0%)	—	1.0%	—	4.0%	—	—
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2,186	2,727		2,850	2,888	2,888	3,091	3,374	3,683
Pension and UIF Contributions		6	—							
Medical Aid Contributions			—							
Overtime			—							
Performance Bonus		279	301		336	336	336	309	337	368
Motor Vehicle Allowance	3	372	362		513	513	513	546	585	628
Cellphone Allowance	3		—							
Housing Allowances	3		10		13	13	13	13	15	16
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		2,842	3,401	—	3,712	3,750	3,750	3,959	4,311	4,695
% increase	4		19.7%	(100.0%)	—	1.0%	—	5.6%	8.9%	8.9%
Other Municipal Staff										
Basic Salaries and Wages		21,285	19,812		27,361	27,723	27,723	31,250	34,113	37,244
Pension and UIF Contributions		3,036	3,872		4,770	4,937	4,937	5,379	5,861	6,386
Medical Aid Contributions		511	752		847	806	806	879	958	1,044
Overtime		1,226	999		1,050	2,126	2,126	2,398	2,586	2,789
Performance Bonus		—	(301)							
Motor Vehicle Allowance	3	724	(0)			(3)	(3)			
Cellphone Allowance	3		—							
Housing Allowances	3	45	0			5	5	5	6	6
Other benefits and allowances	3	571	690		577	588	588	668	727	791
Payments in lieu of leave	3	1,387	5,045		1,970	2,039	2,039	2,338	2,548	2,777
Long service awards			—							
Post-retirement benefit obligations	6	1,356	341		341	341	341	341	341	341
Sub Total - Other Municipal Staff		30,142	31,209	—	36,916	38,562	38,562	43,257	47,138	51,378
% increase	4		3.5%	(100.0%)	—	4.5%	—	12.2%	9.0%	9.0%
Total Parent Municipality		35,472	37,649	—	43,719	45,434	45,434	50,462	54,695	59,320
			6.1%	(100.0%)	—	3.9%	—	11.1%	8.4%	8.5%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		—	—	—	—	—	—	—	—	—
% increase	4		—	—	—	—	—	—	—	—
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		—	—	—	—	—	—	—	—	—
% increase	4		—	—	—	—	—	—	—	—
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		—	—	—	—	—	—	—	—	—
% increase	4		—	—	—	—	—	—	—	—
Total Municipal Entities		—	—	—	—	—	—	—	—	—
TOTAL SALARY, ALLOWANCES & BENEFITS		35,472	37,649	—	43,719	45,434	45,434	50,462	54,695	59,320
% increase	4		6.1%	(100.0%)	—	3.9%	—	11.1%	8.4%	8.5%
TOTAL MANAGERS AND STAFF	5.7	32,983	34,610	—	40,628	42,312	42,312	47,216	51,449	56,073

NC072 Umsobomvu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

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Table 35 MBRR SA24 – Summary of personnel numbers

NC072 Umsobomvu - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2013/14			Current Year 2014/15			Budget Year 2015/16		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	10	–	10	10	–	10	10	–	10
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	4	–	4	4	–	4	4	–	4
Other Managers	5	4	1	6	5	1	6	5	1
Professionals	150	144	6	150	144	6	154	148	6
<i>Finance</i>	34	29	5	34	29	5	38	33	5
<i>Spatial/town planning</i>	1	1	–	1	1	–	1	1	–
<i>Information Technology</i>	–	–	–						
<i>Roads</i>	41	41	–	44	43	1	44	43	1
<i>Electricity</i>	7	7	–	7	7	–	7	7	–
<i>Water</i>	20	19	1	22	22	–	22	22	–
<i>Sanitation</i>	20	20	–	15	15	–	15	15	–
<i>Refuse</i>	27	27	–	27	27	–	27	27	–
<i>Other</i>									
Technicians	2	–	2	3	–	3	3	–	3
<i>Finance</i>	–	–	–						
<i>Spatial/town planning</i>	–	–	–						
<i>Information Technology</i>	–	–	–						
<i>Roads</i>	1	–	1	1	–	1	1	–	1
<i>Electricity</i>	–	–	–	–	–	–	–	–	–
<i>Water</i>	1	–	1	2	–	2	2	–	2
<i>Sanitation</i>	–	–	–						
<i>Refuse</i>	–	–	–						
<i>Other</i>	–	–	–						
Clerks (Clerical and administrative)	64	53	11	65	55	10	65	55	10
Service and sales workers	–	–	–						
Skilled agricultural and fishery workers	–	–	–						
Craft and related trades	–	–	–						
Plant and Machine Operators	–	–	–						
Elementary Occupations	–	–	–						
TOTAL PERSONNEL NUMBERS	235	201	34	238	204	34	242	208	34
% increase				1.3%	1.5%	–	1.7%	2.0%	–
Total municipal employees headcount	201	179	22	198	18	180	198	18	180
Finance personnel headcount	30	25	5	34	31	3	34	31	3
Human Resources personnel headcount	2	2	–	2	2	–	2	2	–

2.9 Monthly targets for revenue, expenditure and cash flow

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

NC072 Umsobomvu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue By Source																
Property rates		2,334	583	583	583	583	583	583	583	583	583	583	583	8,742	9,266	9,822
Property rates - penalties & collection charges		18	18	18	18	18	18	18	18	18	18	18	18	216	229	243
Service charges - electricity revenue		4,081	3,349	3,205	3,036	3,011	2,074	2,846	1,716	2,939	2,990	3,395	3,248	35,891	38,405	41,096
Service charges - water revenue		1,586	1,301	1,245	1,180	1,170	806	1,106	667	1,142	1,162	1,319	1,262	13,945	14,781	15,668
Service charges - sanitation revenue		750	750	750	750	750	750	750	750	750	750	750	750	9,000	9,540	10,112
Service charges - refuse revenue		561	561	561	561	561	561	561	561	561	561	561	561	6,737	7,141	7,569
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		78	45	51	81	65	91	72	85	93	87	95	95	938	993	1,051
Interest earned - external investments		30	31	32	33	34	35	36	38	40	40	37	39	422	422	422
Interest earned - outstanding debtors		171	171	171	171	171	171	171	171	171	171	171	171	2,047	2,139	2,237
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		447	335	391	475	419	391	614	670	559	503	465	317	5,586	5,864	6,156
Licences and permits		33	401	45	213	193	279	108	258	340	251	211	201	2,533	2,659	2,792
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		-	10,231	-	-	18,416	-	-	12,278	-	-	-	-	40,925	43,479	46,911
Other revenue		438	438	438	438	438	438	438	438	438	438	438	438	5,256	5,262	5,268
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		10,527	18,214	7,489	7,538	25,829	6,196	7,302	18,230	7,634	7,553	8,043	7,682	132,237	140,181	149,347
Expenditure By Type																
Employee related costs		2,880	3,404	3,258	3,329	3,437	3,390	4,443	3,824	4,674	4,958	5,194	4,424	47,216	51,449	56,073
Remuneration of councillors		254	254	254	254	254	254	336	278	278	278	278	277	3,246	3,246	3,246
Debt impairment		516	516	516	516	516	516	516	516	516	516	516	516	6,194	6,192	6,190
Depreciation & asset impairment		2,451	2,451	2,451	2,451	2,451	2,451	2,451	2,451	2,451	2,451	2,451	2,451	29,407	29,341	29,281
Finance charges		25	25	25	25	25	25	28	28	28	28	28	22	310	290	290
Bulk purchases		762	2,638	2,331	1,527	1,460	1,263	1,993	730	2,193	2,262	2,411	3,392	22,962	24,775	26,732
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants		763	764	764	771	771	811	811	811	811	820	820	821	9,537	10,107	10,815
Other expenditure		2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	34,537	35,054	35,687
Loss on disposal of PPE		2	2	2	2	2	2	2	2	2	2	2	2	20	20	20
Total Expenditure		10,530	12,932	12,477	11,752	11,794	11,589	13,457	11,518	13,830	14,192	14,577	14,782	153,430	160,473	168,334
Surplus/(Deficit)																
Transfers recognised - capital		(4)	5,282	(4,988)	(4,214)	14,035	(5,392)	(6,155)	6,712	(6,196)	(6,639)	(6,534)	(7,101)	(21,193)	(20,293)	(18,987)
Contributions recognised - capital		-	7,023	-	-	12,641	-	-	8,427	-	-	-	-	28,091	23,074	17,967
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(4)	12,305	(4,988)	(4,214)	26,676	(5,392)	(6,155)	15,140	(6,196)	(6,639)	(6,534)	(7,101)	6,898	2,781	(1,021)
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	(4)	12,305	(4,988)	(4,214)	26,676	(5,392)	(6,155)	15,140	(6,196)	(6,639)	(6,534)	(7,101)	6,898	2,781	(1,021)

Table 37 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC072 Umsobomvu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Vote 1 - EXECUTIVE & COUNCIL		2,918	5,048	2,075	2,090	7,159	1,719	2,024	5,055	2,115	2,093	2,229	2,133	36,658	39,317	42,376
Vote 2 - FINANCE & ADMIN		1,303	2,255	927	933	3,198	768	904	2,258	945	935	996	953	16,374	16,988	17,813
Vote 3 - COMMUNITY SERVICES		848	1,467	603	607	2,081	500	588	1,469	615	608	648	620	10,655	11,229	11,813
Vote 4 - TECHNICAL SERVICES		5,457	16,462	3,880	3,907	28,029	3,215	3,784	9,453	3,955	3,914	4,168	10,417	96,640	95,721	95,311
Vote 5 - [NAME OF VOTE 5]													-	-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Revenue by Vote		10,526	25,232	7,485	7,538	40,467	6,202	7,299	18,235	7,630	7,551	8,040	14,123	160,328	163,255	167,314
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL		1,494	1,835	1,770	1,668	1,674	1,644	1,909	1,635	1,962	2,014	2,068	2,099	21,772	22,741	23,880
Vote 2 - FINANCE & ADMIN		1,664	2,044	1,972	1,858	1,865	1,831	2,127	1,821	2,185	2,243	2,304	2,338	24,251	25,673	27,414
Vote 3 - COMMUNITY SERVICES		1,266	1,556	1,500	1,414	1,419	1,393	1,618	1,386	1,663	1,707	1,753	1,779	18,455	19,599	20,831
Vote 4 - TECHNICAL SERVICES		6,102	7,499	7,232	6,814	6,840	6,716	7,801	6,680	8,015	8,228	8,450	8,575	88,951	92,460	96,209
Vote 5 - [NAME OF VOTE 5]													-	-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Expenditure by Vote		10,525	12,934	12,474	11,753	11,799	11,584	13,456	11,523	13,824	14,192	14,576	14,791	153,430	160,473	168,334
Surplus/(Deficit) before assoc.		1	12,298	(4,989)	(4,215)	28,668	(5,382)	(6,156)	6,713	(6,194)	(6,642)	(6,536)	(667)	6,898	2,781	(1,021)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	1	12,298	(4,989)	(4,215)	28,668	(5,382)	(6,156)	6,713	(6,194)	(6,642)	(6,536)	(667)	6,898	2,781	(1,021)

Table 38 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC072 Umsobomvu - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard																
<i>Governance and administration</i>		4,221	7,303	3,002	3,023	10,357	2,487	2,927	7,313	3,060	3,983	3,224	2,132	53,032	56,305	60,189
Executive and council		2,918	5,048	2,075	2,090	7,159	1,719	2,024	5,055	2,115	2,753	2,229	1,474	36,658	39,317	42,376
Budget and treasury office		1,302	2,253	926	933	3,196	767	903	2,256	944	1,229	995	658	16,363	16,975	17,800
Corporate services		1	2	1	1	2	1	1	2	1	1	1	0	11	12	13
<i>Community and public safety</i>		644	1,115	458	461	1,581	380	447	1,116	467	608	492	2,887	10,655	11,229	11,813
Community and social services													2,561	2,561	2,730	2,890
Sport and recreation													—	—	—	—
Public safety		644	1,115	458	461	1,581	380	447	1,116	467	608	492	325	8,094	8,499	8,924
Housing													—	—	—	—
Health													—	—	—	—
<i>Economic and environmental services</i>		1,405	2,431	999	1,006	3,447	828	974	2,434	1,018	1,326	1,073	710	17,651	60	60
Planning and development													—	—	—	—
Road transport		1,405	2,431	999	1,006	3,447	828	974	2,434	1,018	1,326	1,073	710	17,651	60	60
Environmental protection													—	—	—	—
<i>Trading services</i>		4,463	13,452	3,167	3,191	22,907	2,630	3,096	7,725	3,231	3,199	3,404	8,523	78,989	95,661	95,251
Electricity		2,661	8,022	1,889	1,903	13,660	1,569	1,846	4,607	1,927	1,908	2,030	5,083	47,105	51,168	48,410
Water		871	2,626	618	623	4,471	513	604	1,508	631	624	665	1,664	15,418	27,038	28,338
Waste water management		532	1,604	378	380	2,731	314	369	921	385	381	406	1,016	9,417	9,982	10,581
Waste management		398	1,201	283	285	2,044	235	276	689	288	286	304	761	7,050	7,473	7,922
<i>Other</i>													—	—	—	—
Total Revenue - Standard		10,734	24,300	7,626	7,681	38,292	6,325	7,445	18,589	7,776	9,115	8,194	14,251	160,328	163,255	167,314
Expenditure - Standard																
<i>Governance and administration</i>		3,157	3,880	3,742	3,525	3,539	3,475	4,036	3,456	4,147	4,257	4,372	4,437	46,024	48,414	51,294
Executive and council		1,494	1,835	1,770	1,668	1,674	1,644	1,909	1,635	1,962	2,014	2,068	2,099	21,772	22,741	23,880
Budget and treasury office		1,234	1,516	1,462	1,378	1,383	1,358	1,577	1,351	1,621	1,664	1,709	1,734	17,986	18,881	20,069
Corporate services		430	528	509	480	482	473	549	470	564	579	595	604	6,265	6,793	7,345
<i>Community and public safety</i>		1,266	1,556	1,500	1,414	1,419	1,393	1,618	1,386	1,663	1,707	1,753	1,779	18,455	19,599	20,831
Community and social services		483	593	572	539	541	531	617	528	634	651	668	678	7,035	7,369	7,718
Sport and recreation		212	260	251	236	237	233	271	232	278	285	293	297	3,085	3,356	3,660
Public safety		519	638	615	580	582	571	664	568	682	700	719	729	7,566	8,061	8,595
Housing		53	65	63	59	59	58	67	58	69	71	73	74	769	813	859
Health													—	—	—	—
<i>Economic and environmental services</i>		1,217	1,496	1,442	1,359	1,364	1,339	1,556	1,332	1,598	1,641	1,685	1,710	17,741	18,369	18,920
Planning and development													—	—	—	—
Road transport		1,217	1,496	1,442	1,359	1,364	1,339	1,556	1,332	1,598	1,641	1,685	1,710	17,741	18,369	18,920
Environmental protection													—	—	—	—
<i>Trading services</i>		4,885	6,003	5,789	5,455	5,476	5,376	6,245	5,348	6,416	6,587	6,765	6,865	71,211	74,091	77,289
Electricity		1,916	2,354	2,271	2,139	2,148	2,109	2,449	2,098	2,516	2,584	2,653	2,692	27,930	29,892	32,063
Water		1,875	2,304	2,222	2,093	2,101	2,063	2,396	2,052	2,462	2,528	2,596	2,634	27,326	27,722	28,151
Waste water management		654	803	775	730	733	719	836	715	858	881	905	918	9,527	9,853	10,214
Waste management		441	542	523	492	494	485	564	483	579	595	611	620	6,428	6,624	6,861
<i>Other</i>													—	—	—	—
Total Expenditure - Standard		10,525	12,934	12,474	11,753	11,799	11,584	13,456	11,523	13,824	14,192	14,576	14,791	153,430	160,473	168,334
Surplus/(Deficit) before assoc.		208	11,365	(4,848)	(4,071)	26,493	(5,259)	(6,011)	7,066	(6,048)	(5,077)	(6,382)	(540)	6,898	2,782	(1,021)
Share of surplus/ (deficit) of associate													—	—	—	—
Surplus/(Deficit)	1	208	11,365	(4,848)	(4,071)	26,493	(5,259)	(6,011)	7,066	(6,048)	(5,077)	(6,382)	(540)	6,898	2,782	(1,021)

Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC072 Umsobomvu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE & COUNCIL													-	-	-	-
Vote 2 - FINANCE & ADMIN													-	-	-	-
Vote 3 - COMMUNITY SERVICES													-	-	-	-
Vote 4 - TECHNICAL SERVICES													-	-	11,074	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	11,074	-
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL													-	-	-	-
Vote 2 - FINANCE & ADMIN				300			350			450		300	150	1,550	-	-
Vote 3 - COMMUNITY SERVICES													-	-	-	-
Vote 4 - TECHNICAL SERVICES			1,300	3,300	1,050	1,500	5,100	1,050	4,800	1,050	7,891	1,050	(0)	28,091	12,000	17,967
Capital single-year expenditure sub-total	2	-	1,300	3,600	1,050	1,500	5,450	1,050	4,800	1,500	7,891	1,350	150	29,641	12,000	17,967
Total Capital Expenditure	2	-	1,300	3,600	1,050	1,500	5,450	1,050	4,800	1,500	7,891	1,350	150	29,641	23,074	17,967

Table 40 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC072 Umsobomvu - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	-	300	-	-	350	-	-	450	-	300	150	1,550	-	-
Executive and council													-	-	-	-
Budget and treasury office				300			350			450		300	150	1,550	-	-
Corporate services													-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services													-	-	-	-
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	250	2,250	-	450	4,050	-	3,750	-	6,841	-	(0)	17,591	-	-
Planning and development													-	-	-	-
Road transport			250	2,250		450	4,050		3,750		6,841		(0)	17,591	-	-
Environmental protection													-	-	-	-
<i>Trading services</i>		-	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	-	10,500	23,074	17,967
Electricity			1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	-	10,500	12,000	6,500
Water													-	-	11,074	-
Waste water management													-	-	-	11,467
Waste management													-	-	-	-
<i>Other</i>													-	-	-	-
Total Capital Expenditure - Standard	2	-	1,300	3,600	1,050	1,500	5,450	1,050	4,800	1,500	7,891	1,350	150	29,641	23,074	17,967
Funded by:																
National Government			1,300	3,300	1,050	1,500	5,100	1,050	4,800	1,050	7,891	1,050	(0)	28,091	23,074	17,967
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		-	1,300	3,300	1,050	1,500	5,100	1,050	4,800	1,050	7,891	1,050	(0)	28,091	23,074	17,967
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds				300			350			450		300	150	1,550	-	-
Total Capital Funding		-	1,300	3,600	1,050	1,500	5,450	1,050	4,800	1,500	7,891	1,350	150	29,641	23,074	17,967

Table 41 MBRR SA30 - Budgeted monthly cash flow**NC072 Umsobomvu - Supporting Table SA30 Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source													1		
Property rates												8,742	8,742	9,266	9,822
Property rates - penalties & collection charges												216	216	229	243
Service charges - electricity revenue	3,877	3,047	3,109	2,702	2,108	1,452	2,135	1,458	3,469	2,840	3,871	4,029	34,096	36,485	39,041
Service charges - water revenue	935	1,015	1,208	826	819	564	829	787	971	999	1,055	1,148	11,156	11,825	12,535
Service charges - sanitation revenue	442	585	727	525	525	525	562	885	637	645	600	540	7,200	7,632	8,090
Service charges - refuse revenue	393	393	393	393	393	393	393	393	393	393	393	393	4,716	4,998	5,298
Service charges - other															
Rental of facilities and equipment	78	45	51	81	65	91	72	85	93	87	95	95	938	993	1,051
Interest earned - external investments	30	31	32	33	34	35	36	38	40	40	37	39	422	422	422
Interest earned - outstanding debtors	171	171	171	171	171	171	171	171	171	171	171	171	2,047	2,139	2,237
Dividends received															
Fines	447	335	391	475	419	391	614	670	559	503	465	317	5,586	5,864	6,156
Licences and permits	33	401	45	213	193	279	108	258	340	251	211	201	2,533	2,659	2,792
Agency services															
Transfer receipts - operational		10,231			18,416			12,278					40,925	43,479	46,911
Other revenue	438	438	438	438	438	438	438	438	438	438	438	438	5,256	5,262	5,268
Cash Receipts by Source	6,845	16,692	6,564	5,856	23,580	4,338	5,358	17,459	7,111	6,367	7,336	16,327	123,833	131,254	139,866
Other Cash Flows by Source															
Transfer receipts - capital		7,023			12,641			8,427					28,091	23,074	17,967
Contributions recognised - capital & Contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits												145	145	140	140
Decrease (Increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	6,845	23,715	6,564	5,856	36,221	4,338	5,358	25,886	7,111	6,367	7,336	16,472	152,068	154,468	157,972
Cash Payments by Type															
Employee related costs	2,880	3,404	3,258	3,329	3,437	3,390	4,443	3,824	4,674	4,958	5,194	4,424	47,216	51,449	56,073
Remuneration of councillors	254	254	254	254	254	254	336	278	278	278	278	277	3,246	3,246	3,246
Finance charges	25	25	25	25	25	25	28	28	28	28	28	22	310	290	290
Bulk purchases - Electricity	762	2,008	2,701	1,020	1,000	1,001	1,600	1,730	2,800	2,800	2,411	2,819	22,652	24,465	26,422
Bulk purchases - Water & Sewer	19	31	25	22	19	16	34		40	28	31	47	310	310	310
Other materials															
Contracted services															
Transfers and grants - other municipalities															
Transfers and grants - other	763	764	764	771	771	811	811	811	811	820	820	821	9,537	10,107	10,815
Other expenditure	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	2,878	34,537	35,054	35,687
Cash Payments by Type	7,581	9,364	9,904	8,298	8,384	8,374	10,130	9,549	11,509	11,790	11,640	11,288	117,809	124,920	132,843
Other Cash Flows/Payments by Type															
Capital assets		1,300	3,600	1,050	1,500	5,450	1,050	4,800	1,500	7,891	1,350	150	29,641	23,074	17,967
Repayment of borrowing	67	67	67	67	67	67	67	67	67	67	67	67	800	650	400
Other Cash Flows/Payments															
Total Cash Payments by Type	7,647	10,731	13,570	9,415	9,950	13,890	11,246	14,416	13,076	19,747	13,056	11,504	148,250	148,644	151,209
NET INCREASE/(DECREASE) IN CASH HELD	(803)	12,984	(7,006)	(3,558)	26,271	(9,552)	(5,888)	11,470	(5,965)	(13,380)	(5,721)	4,968	3,819	5,824	6,763
Cash/cash equivalents at the month/year begin:	23,723	22,921	35,905	28,898	25,340	51,611	42,059	36,170	47,641	41,675	28,295	22,574	23,723	27,542	33,365
Cash/cash equivalents at the month/year end:	22,921	35,905	28,898	25,340	51,611	42,059	36,170	47,641	41,675	28,295	22,574	27,542	27,542	33,365	40,128

2.10 Annual budgets and SDBIPs – internal departments

The final SDBIP is attached

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 42 MBRR SA 34a - Capital expenditure on new assets by asset class

NC072 Umsobomvu - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		40,434	49,235	34,872	55,563	77,945	77,945	28,091	23,074	17,967
Infrastructure - Road transport		-	3,524	4,829	1,000	7,944	7,944	17,591	-	-
Roads, Pavements & Bridges			3,524	4,829	1,000	7,944	7,944	17,591	-	-
Storm water			-							
Infrastructure - Electricity		3,125	2,447	1,298	7,000	8,350	8,350	10,500	12,000	6,500
Generation			-							
Transmission & Reticulation		3,125	2,447	1,298	7,000	7,000	7,000	8,000	10,000	5,000
Street Lighting						1,350	1,350	2,500	2,000	1,500
Infrastructure - Water		28,861	43,214	28,746	36,872	54,000	54,000	-	11,074	11,467
Dams & Reservoirs			-							
Water purification		28,861	43,214	28,746	36,872	54,000	54,000		11,074	11,467
Reticulation			-							
Infrastructure - Sanitation		8,448	50	-	10,691	7,651	7,651	-	-	-
Reticulation			-							
Sewerage purification		8,448	50		10,691	7,651	7,651	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		49	334	4,092	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia		49								
Swimming pools										
Community halls			334	4,092						
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	406	-	-	-	-	-	-
Housing development										
Other				406						
Other assets		2,245	860	301	160	-	-	-	-	-
General vehicles		1,742	153	1	160					
Specialised vehicles		-	-	-	-					
Plant & equipment			707	70						
Computers - hardware/equipment		393		109						
Furniture and other office equipment		109								
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings				121						
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		8	-	24	1,550	234	234	1,550	-	-
Computers - software & programming										
Other (list sub-class)		8		24	1,550	234	234	1,550	-	-
Total Capital Expenditure on new assets	1	42,736	50,429	39,695	57,273	78,179	78,179	29,641	23,074	17,967

Table 43 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

NC072 Umsobomvu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class									
Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
General vehicles	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	-	-	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	-	-	-	-	-	-	-	-	-

Table 44 MBRR SA34c - Repairs and maintenance expenditure by asset class

NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class									
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	1 181	1 141	2 078	1 831	2 331	2 331	2 031	2 011	2 011
Infrastructure - Road transport	230	10	388	370	370	370	370	370	370
Roads, Pavements & Bridges	230	10	388	370	370	370	370	370	370
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	601	541	1 002	811	1 261	1 261	911	891	891
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	421	361	868	591	1 041	1 041	691	671	671
Street Lighting	180	180	134	220	220	220	220	220	220
Infrastructure - Water	300	500	459	350	400	400	500	500	500
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	300	500	459	350	400	400	500	500	500
Infrastructure - Sanitation	50	90	229	300	300	300	250	250	250
Reticulation	-	-	-	-	-	-	-	-	-
Sewerage purification	50	90	229	300	300	300	250	250	250
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	25	95	861	10	10	10	5	5	5
Parks & gardens	5	15	-	10	10	10	5	5	5
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	853	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	20	80	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	8	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	902	931	993	1 434	1 702	1 702	1 686	1 708	1 708
General vehicles	583	641	602	924	1 107	1 107	1 132	1 154	1 154
Specialised vehicles	-	-	76	-	-	-	-	-	-
Plant & equipment	129	242	170	298	294	294	269	269	269
Computers - hardware/equipment	-	-	-	-	-	-	-	-	-
Furniture and other office equipment	45	45	9	44	50	50	35	35	35
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	102	165	248	248	248	248	248
Other Buildings	139	-	-	-	-	-	-	-	-
Other Land	8	3	34	3	3	3	3	3	3
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	2 108	2 167	3 932	3 275	4 043	4 043	3 722	3 724	3 724
Specialised vehicles	-	-	76	-	-	-	-	-	-
Refuse	-	-	76	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-
R&M as a % of PPE	0.4%	0.4%	0.8%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%
R&M as % Operating Expenditure	1.6%	1.7%	3.0%	2.4%	2.7%	2.7%	2.4%	2.3%	2.2%

Table 6 MBRR SA34d – Depreciation by asset class

NC072 Umsobomvu - Supporting Table SA34d Depreciation by asset class									
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Depreciation by Asset Class/Sub-class</u>									
<u>Infrastructure</u>	25 453	18 591	–	18 576	18 627	18 627	18 627	18 627	18 627
Infrastructure - Road transport	7 544	–	–	–	–	–	–	–	–
Roads, Pavements & Bridges	7 544								
Storm water									
Infrastructure - Electricity	2 784	2 785	–	2 785	1 297	1 297	1 297	1 297	1 297
Generation									
Transmission & Reticulation	2 784	2 785		2 785	1 297	1 297	1 297	1 297	1 297
Street Lighting									
Infrastructure - Water	12 352	12 351	–	12 351	12 729	12 729	12 729	12 729	12 729
Dams & Reservoirs									
Water purification									
Reticulation	12 352	12 351		12 351	12 729	12 729	12 729	12 729	12 729
Infrastructure - Sanitation	2 498	2 843	–	2 828	3 799	3 799	3 799	3 799	3 799
Reticulation	2 498	2 843		2 828	3 799	3 799	3 799	3 799	3 799
Sewerage purification									
Infrastructure - Other	274	612	–	612	803	803	803	803	803
Waste Management	274	612		612	803	803	803	803	803
Transportation									
Gas									
Other									
<u>Community</u>	542	3 800	–	2	734	734	661	594	535
Parks & gardens									
Cemeteries	542	3 800		2	734	734	661	594	535
Social rental housing									
Other									
<u>Heritage assets</u>	–	–	–	–	–	–	–	–	–
Buildings									
Other									
<u>Investment properties</u>	–	–	–	–	–	–	–	–	–
Housing development									
Other									
<u>Other assets</u>	1 363	5 179	–	5 265	10 119	10 119	10 119	10 119	10 119
General vehicles	532								
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment	149								
Computers - hardware/equipment	139								
Furniture and other office equipment	47								
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	232	4 302		4 389	9 617	9 617	9 617	9 617	9 617
Other Land	264	–							
Surplus Assets - (Investment or Inventory)	–	–							
Other	1	877		877	502	502	502	502	502
<u>Agricultural assets</u>	–	–	–	–	–	–	–	–	–
List sub-class									
<u>Biological assets</u>	–	–	–	–	–	–	–	–	–
List sub-class									
<u>Intangibles</u>	91	–	–	–	–	–	–	–	–
Computers - software & programming	91								
Other (list sub-class)									
Total Depreciation	27 449	27 570	–	23 844	29 480	29 480	29 407	29 341	29 281

Table 8 MBRR SA35 – Future financial implications of capital budget

NC072 Umsobomvu - Supporting Table SA35 Future financial implications of the capital budget							
Vote Description	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
R thousand							
Capital expenditure							
Vote 1 - EXECUTIVE & COUNCIL	–	–	–				
Vote 2 - FINANCE & ADMIN	1 550	–	–				
Vote 3 - COMMUNITY SERVICES	–	–	–				
Vote 4 - TECHNICAL SERVICES	28 091	23 074	17 967				
<i>List entity summary if applicable</i>							
Total Capital Expenditure	29 641	23 074	17 967	–	–	–	–
Future operational costs by vote							
Vote 1 - EXECUTIVE & COUNCIL							
Vote 2 - FINANCE & ADMIN							
Vote 3 - COMMUNITY SERVICES							
Vote 4 - TECHNICAL SERVICES							
Vote 15 - [NAME OF VOTE 15]							
<i>List entity summary if applicable</i>							
Total future operational costs	–	–	–	–	–	–	–
Future revenue by source							
Property rates							
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
Total future revenue	–	–	–	–	–	–	–
Net Financial Implications	29 641	23 074	17 967	–	–	–	–

Table 45 MBRR SA36 - Detailed capital budget per municipal vote

NC072 Umsobomvu - Supporting Table SA36 Detailed capital budget													
Municipal Vote/Capital project	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework		
									Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand				6	3	3	5						
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>													
Various													
Electricity -	Electrification Ouboks	EL 2.2.1	f	Yes	Infrastructure - Electricity	Reticulation	30 42 00"S - 25 07' 10"E		1 298	1 350	2 500	2 000	1 500
Electricity -	Energy Demand Management	E1.3	f	Yes	Infrastructure - Electricity	Transmission & Reticulation				7 000	8 000	10 000	5 000
Water	Bulk Water supply Colesberg WTW	W1.3	c	Yes	Infrastructure - Water	Water purification	31 21' 00"E - 24 56" 00"						
Water	Abstraction Orange river	WB1.3	c	Yes	Infrastructure - Water	Water purification							
Sanitation	Upgrading of Ww TW Colesberg	W1		Yes	Infrastructure - Sanitation	Sewerage purification							
Sanitation	Norvalspont Internal Sewerage Network	S1.2.8		Yes	Infrastructure - Sanitation	Sewerage reticulation				7 651			
Sanitation	Upgrading of VIP's and Bucket System				Infrastructure - Sanitation	Sewerage reticulation							11 467
Water	Noupoort Bulk Water supply Upgrade	wb1.4	c	Yes	Infrastructure - Water	Water purification			28 746	40 000			
Water	Norvalspont Bulk Water Supply upgrade	WB 1.3.4	1	Yes	Infrastructure - Water	Water purification				14 000			
Water	Van der Walt Fontein Pipeline				Infrastructure - Water	Water purification						11 074	
Roads	Stormwater drainage	RS1	a	Yes	Infrastructure - Road transport	Storm water							
Roads Noupoort	Roads Network	RS3	a	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges				1 000	1 000		
Roads Norvalspont	Roads Network	RS5			Infrastructure - Road transport	Roads, Pavements & Bridges							
Roads Colesberg	New Ouboks Arterial Paving	RS4		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					16 591		
Roads	Ring Road Kuyasa	PW 1.1	2	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			4 829	6 944			
Corporate Services	New Vehicle - Toyota Etios Sedan			Yes	Other Assets	General vehicles							
Solar Geyser Project	Electricity	el	f	Yes	Other	Other							
Bulk Water to be specified	Bulk Water		c	Yes	Infrastructure - Water	Dams & Reservoirs							
Community services	Building of a new community hall: Masizakhe				Community	Community halls	CF.3.1.2		4 092				
Traffic	Nissan bakkie - NP200	SPPE1.1		Yes	Community	General vehicles							
Public Roads	Compactor	PWPPE1.2		Yes	Other Assets	Plant & equipment							
Housing	100 Houses Noupoort	H2		Yes	Other	Other							
Finance	Municipal Financial System	F1 IT1		Yes	Intangibles	Computers - software & programming			24		1 550		
Parent Capital expenditure									38 988	77 945	29 641	23 074	17 967
Entities: <i>List all capital projects grouped by Entity</i>													
Entity A Water project A													
Entity B Electricity project B													
Entity Capital expenditure									-	-	-	-	-
Total Capital expenditure									38 988	77 945	29 641	23 074	17 967

Table 46 MBRR SA37 - Projects delayed from previous financial year

None

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a final stage and will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/2017 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.1.4 Other supporting documents

NC072 Umsobomvu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'									
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	4 735	4 746	8 561	8 364	8 653	8 653	8 999	9 539	10 112
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		115	247	247	247	247	257	273	289
Net Property Rates	4 735	4 632	8 313	8 117	8 406	8 406	8 742	9 266	9 822
Service charges - electricity revenue									
Total Service charges - electricity revenue	20 205	22 230	23 150	31 258	33 541	33 541	35 891	38 405	41 096
less Revenue Foregone (in excess of 50 kwh per indigent household per month)									
less Cost of Free Basis Services (50 kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue	20 205	22 230	23 150	31 258	33 541	33 541	35 891	38 405	41 096
Service charges - water revenue									
Total Service charges - water revenue	9 686	11 040	12 274	13 128	13 118	13 118	13 945	14 781	15 668
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)									
less Cost of Free Basis Services (6 kilolitres per indigent household per month)	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue	9 686	11 040	12 274	13 128	13 118	13 118	13 945	14 781	15 668
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	6 143	7 009	7 816	8 259	8 492	8 492	9 000	9 540	10 112
less Revenue Foregone (in excess of free sanitation service to indigent households)									
less Cost of Free Basis Services (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue	6 143	7 009	7 816	8 259	8 492	8 492	9 000	9 540	10 112
Service charges - refuse revenue									
Total refuse removal revenue	4 934	5 455	5 974	6 333	6 355	6 355	6 737	7 141	7 569
Total landfill revenue									
less Revenue Foregone (in excess of one removal a week to indigent households)									
less Cost of Free Basis Services (removed once a week to indigent households)	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue	4 934	5 455	5 974	6 333	6 355	6 355	6 737	7 141	7 569
Other Revenue by source									
Other Revenue	10 067	6 675	6 089	4 291	5 357	5 357	5 256	5 262	5 268
Total 'Other' Revenue	10 067	6 675	6 089	4 291	5 357	5 357	5 256	5 262	5 268

EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	21 286	22 873	24 988	30 211	30 611	30 611	34 340	37 486	40 927
Pension and UIF Contributions	3 036	3 602	3 895	4 770	4 937	4 937	5 379	5 861	6 386
Medical Aid Contributions	511	737	736	847	806	806	879	958	1 044
Overtime	1 226	1 298	1 307	1 050	2 126	2 126	2 398	2 586	2 789
Performance Bonus	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	724	776	904	513	510	510	546	585	628
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	45	45	48	13	17	17	19	20	22
Other benefits and allowances	571	321	576	577	588	588	668	727	791
Payments in lieu of leave	1 387	1 704	1 848	2 307	2 376	2 376	2 647	2 885	3 145
Long service awards	—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	1 356	2 340	110	341	341	341	341	341	341
sub-total	30 143	33 695	34 412	40 628	42 312	42 312	47 216	51 449	56 073
Less: Employees costs capitalised to PPE									
Total Employee related costs	30 143	33 695	34 412	40 628	42 312	42 312	47 216	51 449	56 073
Contributions recognised - capital									
<i>List contributions by contract</i>									
Total Contributions recognised - capital	—	—	—	—	—	—	—	—	—
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	28 037	27 893	28 622	23 844	29 480	29 480	29 407	29 341	29 281
Lease amortisation	—	—	—	—	—	—	—	—	—
Capital asset impairment	—	—	—	—	—	—	—	—	—
Depreciation resulting from revaluation of PPE	—	—	—	—	—	—	—	—	—
Total Depreciation & asset impairment	28 037	27 893	28 622	23 844	29 480	29 480	29 407	29 341	29 281
Bulk purchases									
Electricity Bulk Purchases	15 538	18 139	18 254	20 974	20 974	20 974	22 652	24 465	26 422
Water Bulk Purchases	218	272	478	310	310	310	310	310	310
Total bulk purchases	15 756	18 410	18 731	21 284	21 284	21 284	22 962	24 775	26 732
Transfers and grants									
Cash transfers and grants	—	—	—	—	—	—	—	—	—
Non-cash transfers and grants	—	—	—	8 967	8 967	8 967	9 537	10 107	10 815
Total transfers and grants	—	—	—	8 967	8 967	8 967	9 537	10 107	10 815
Contracted services									
ALLOCATIONS TO ORGANS OF STATE	2 485	—	—	—	—	—	—	—	—
IT SERVICES	—	—	—	—	—	—	—	—	—
JOB CREATION	—	—	—	—	—	—	—	—	—
LEGAL SERVICES	—	—	—	—	—	—	—	—	—
METER READING	—	—	—	—	—	—	—	—	—
PRE-PAID VENDING MANAGEMENT	—	—	—	—	—	—	—	—	—
PROFESSIONAL FEES	—	—	—	—	—	—	—	—	—
SECURITY SERVICES	—	—	—	—	—	—	—	—	—
SEWERAGE PURIFICATION	—	—	—	—	—	—	—	—	—
WATER PURIFICATION	—	—	—	—	—	—	—	—	—
OTHER CONTRACTED SERVICES	—	—	—	—	—	—	—	—	—
sub-total	2 485	—	—	—	—	—	—	—	—
Allocations to organs of state:	2 485	—	—	—	—	—	—	—	—
Electricity	—	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	—	—	—	—
Sanitation	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Total contracted services	2 485	—	—	—	—	—	—	—	—
Other Expenditure By Type									
Collection costs	—	—	—	—	—	—	—	—	—
Contributions to 'other' provisions	—	—	—	—	—	—	—	—	—
Consultant fees	—	—	—	—	—	—	—	—	—
Audit fees	—	—	—	—	—	—	—	—	—
General expenses	—	—	—	—	—	—	—	—	—
<i>Other Expenditure by Type</i>	42 439	32 688	40 263	31 674	35 683	35 683	34 537	35 054	35 687
Total 'Other' Expenditure	42 439	32 688	40 263	31 674	35 683	35 683	34 537	35 054	35 687
Repairs and Maintenance									
Employee related costs	—	—	—	—	—	—	—	—	—
Other materials	—	—	—	—	—	—	—	—	—
Contracted Services	—	—	—	—	—	—	—	—	—
Other Expenditure	2 108	2 167	3 932	3 275	4 043	4 043	3 722	3 724	3 724
Total Repairs and Maintenance Expenditure	2 108	2 167	3 932	3 275	4 043	4 043	3 722	3 724	3 724

NC072 Umsobomvu - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)					
Description	Vote 1 - EXECUTIVE & COUNCIL	Vote 2 - FINANCE & ADMIN	Vote 3 - COMMUNITY SERVICES	Vote 4 - TECHNICAL SERVICES	Total
R thousand					
<u>Revenue By Source</u>					
Property rates		8 742			8 742
Property rates - penalties & collection charges		216			216
Service charges - electricity revenue				33 085	33 085
Service charges - water revenue				11 557	11 557
Service charges - sanitation revenue				6 547	6 547
Service charges - refuse revenue				4 846	4 846
Service charges - other					-
Rental of facilities and equipment			911		911
Interest earned - external investments		422			422
Interest earned - outstanding debtors		30		2 017	2 047
Dividends received					-
Fines			5 566	20	5 586
Licences and permits		4	2 322		2 326
Agency services					-
Other revenue		5 124	299	68	5 491
Transfers recognised - operational	36 658	1 825	1 569	873	40 925
Gains on disposal of PPE					-
Total Revenue (excluding capital transfers and contributions)	36 658	16 363	10 667	59 013	122 700
<u>Expenditure By Type</u>					
Employee related costs	3 525	14 001	10 712	18 977	47 216
Remuneration of councillors	3 246				3 246
Debt impairment	20	1 032	5	5 137	6 194
Depreciation & asset impairment	242	235	685	28 244	29 407
Finance charges				310	310
Bulk purchases				22 962	22 962
Other materials					-
Contracted services					-
Transfers and grants					-
Other expenditure	5 201	7 888	8 148	13 300	34 537
Loss on disposal of PPE				20	20
Total Expenditure	12 236	23 156	19 550	88 951	143 893
<u>Surplus/(Deficit)</u>	24 422	(6 793)	(8 883)	(29 939)	(21 193)
Transfers recognised - capital				28 091	28 091
Contributions recognised - capital					-
Contributed assets					-
Surplus/(Deficit) after capital transfers & contributions	24 422	(6 793)	(8 883)	(1 848)	6 898

Table 47 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NC072 Umsobomvu - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'									
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days		9 507	5 943	6 000	6 299	6 299	6 721	7 143	7 565
Other current investments > 90 days									
Total Call investment deposits	–	9 507	5 943	6 000	6 299	6 299	6 721	7 143	7 565
Consumer debtors									
Consumer debtors	27 168	69 801	75 753	67 789	89 436	89 436	85 986	82 535	79 084
Less: Provision for debt impairment		(32 744)	(32 408)	(39 092)	(39 092)	(39 092)	(35 601)	(35 601)	(35 601)
Total Consumer debtors	27 168	37 057	43 345	28 697	50 345	50 345	50 385	46 934	43 483
Debt impairment provision									
Balance at the beginning of the year		23 305	32 744	39 092	39 092	39 092	35 601	35 601	35 601
Contributions to the provision		9 439	(336)	5 458					
Bad debts written off									
Balance at end of year	–	32 744	32 408	44 550	39 092	39 092	35 601	35 601	35 601
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	480 928	944 854	984 107	1 047 935	1 037 706	1 037 706	1 065 796	1 088 871	1 106 837
Leases recognised as PPE									
Less: Accumulated depreciation		442 558	471 180	453 618	483 618	483 618	519 219	554 820	590 421
Total Property, plant and equipment (PPE)	480 928	502 295	512 927	594 317	554 088	554 088	546 578	534 051	516 416
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)									
Current portion of long-term liabilities	864	933	911	800	911	911	800	650	400
Total Current liabilities - Borrowing	864	933	911	800	911	911	800	650	400
Trade and other payables									
Trade and other creditors	18 110	18 279	21 930		21 000	21 000	21 000	21 000	21 000
Unspent conditional transfers	24 002	11 165	9 715		7 500	7 500	–	–	–
VAT		1 213	2 090		2 000	2 000	3 500	3 500	3 500
Total Trade and other payables	42 112	30 657	33 735	–	30 500	30 500	24 500	24 500	24 500
Non current liabilities - Borrowing									
Borrowing	3 699	3 300	2 279	2 857	1 279	1 279	979	679	379
Finance leases (including PPP asset element)		–							
Total Non current liabilities - Borrowing	3 699	3 300	2 279	2 857	1 279	1 279	979	679	379
Provisions - non-current									
Retirement benefits		11 592	12 015		12 515	12 515	12 515	12 515	12 515
List other major provision items									
Refuse landfill site rehabilitation		11 317	11 893	19 596	12 393	12 393	12 393	12 393	12 393
Other	27 553								
Total Provisions - non-current	27 553	22 909	23 909	19 596	24 908	24 908	24 908	24 908	24 908
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance		465 874		634 683	575 447	575 447	572 639	565 362	555 252
GRAP adjustments									
Restated balance	–	465 874	–	634 683	575 447	575 447	572 639	565 362	555 252
Surplus/(Deficit)	18 352	22 663	19 473	38 398	56 925	56 925	6 898	2 781	(1 021)
Appropriations to Reserves				(28 933)	(56 926)	(56 926)			
Transfers from Reserves					(0)	(0)			
Depreciation offsets	458 051			(369)	0	0			
Other adjustments				3 543	0	0			
Accumulated Surplus/(Deficit)	476 403	488 537	19 473	647 321	575 446	575 446	579 537	568 143	554 231
Reserves									
Housing Development Fund									
Capital replacement									
Self-insurance									
Other reserves									
Revaluation									
Total Reserves	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	476 403	488 537	19 473	647 321	575 446	575 446	579 537	568 143	554 231

Table 48 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

NC072 Umsobomvu - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						28	28		28	28	28	28
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
Monthly household income (no. of households)	1, 12											
No income						2 290	2 290		1 058	1 058	1 058	1 058
R1 - R1 600						1 960	1 960		2 498	2 498	2 498	2 498
R1 601 - R3 200						139	139		1 700	1 700	1 700	1 700
R3 201 - R6 400						168	168		1 133	1 133	1 133	1 133
R6 401 - R12 800						110	110		769	769	769	769
R12 801 - R25 600						90	90		420	420	420	420
R25 601 - R51 200						31	31		180	180	180	180
R52 201 - R102 400						11	11		49	49	49	49
R102 401 - R204 800						9	9		13	13	13	13
R204 801 - R409 600									20	20	20	20
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13					4151.00	4151.00		3556.00	3556.00	3556.00	3556.00
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						23 636	23 636		23 636	23 636	23 636	23 636
Number of poor people in municipal area						10 347	10 347		10 347	10 347	10 347	10 347
Number of households in municipal area						6	6		6	6	6	6
Number of poor households in municipal area						3	3		3	3	3	3
Definition of poor household (R per month)						1 800	1 800		1 800	2 000	2 000	2 000
Housing statistics												
Formal	3					5 299	8 505	8 505	8 505	8 505	8 505	8 505
Informal						840	301	301	301	301	301	301
Total number of households						6 139	8 806	8 806	8 806	8 806	8 806	8 806
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												
Economic												
Inflation/inflation outlook (CPI)	6					10.0%	10.0%		10.0%	10.0%	10.0%	10.0%
Interest rate - borrowing						3.0%	8.0%		8.0%	8.0%	8.0%	8.0%
Interest rate - investment						6.0%	6.0%		6.0%	6.0%	6.0%	6.0%
Remuneration increases						-2.0%	6.0%		6.0%	6.0%	6.0%	6.0%
Consumption growth (electricity)						5.0%	7.0%		7.0%	7.0%	7.0%	7.0%
Consumption growth (water)							7.0%		7.0%	7.0%	7.0%	7.0%
Collection rates	7											
Property tax/service charges						87.0%	87.0%		87.0%	87.0%	87.0%	87.0%
Rental of facilities & equipment						100.0%	100.0%		100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%		100.0%	100.0%	100.0%	100.0%
Interest - debtors						80.0%	80.0%		80.0%	80.0%	80.0%	80.0%
Revenue from agency services												

NC072 Umsobomvu - Table A10 Basic service delivery measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets									
Water:									
Piped water inside dwelling	4 399	4 799	—	5 299	8 505	8 505	8 505	8 505	8 505
Piped water inside yard (but not in dwelling)	3 104	3 104	—	3 404	289	289	289	289	289
Using public tap (at least min.service level)	270	270	—	270	12	12	12	12	12
Other water supply (at least min.service level)	—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total	7 773	8 173	—	8 973	8 806	8 806	8 806	8 806	8 806
Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	—	—	—	—	—	—	—	—	—
No water supply	—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
Total number of households	7 773	8 173	—	8 973	8 806	8 806	8 806	8 806	8 806
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	7 049	7 449	—	7 949	7 722	7 722	7 722	7 722	7 722
Flush toilet (with septic tank)	112	112	—	112	236	236	236	236	236
Chemical toilet	—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)	612	612	—	612	794	794	794	794	794
Other toilet provisions (> min.service level)	—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total	7 773	8 173	—	8 673	8 752	8 752	8 752	8 752	8 752
Bucket toilet	43	43	—	43	54	54	54	54	54
Other toilet provisions (< min.service level)	—	—	—	—	—	—	—	—	—
No toilet provisions	—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total	43	43	—	43	54	54	54	54	54
Total number of households	7 816	8 216	—	8 716	8 806	8 806	8 806	8 806	8 806
Energy:									
Electricity (at least min.service level)	2 822	2 822	—	2 822	2 822	2 822	2 822	2 822	2 822
Electricity - prepaid (min.service level)	4 951	5 351	—	5 851	5 984	5 984	5 984	5 984	5 984
Minimum Service Level and Above sub-total	7 773	8 173	—	8 673	8 806	8 806	8 806	8 806	8 806
Electricity (< min.service level)	—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
Total number of households	7 773	8 173	—	8 673	8 806	8 806	8 806	8 806	8 806
Refuse:									
Removed at least once a week	7 773	8 173	—	8 673	7 769	7 769	7 769	7 769	7 769
Minimum Service Level and Above sub-total	7 773	8 173	—	8 673	7 769	7 769	7 769	7 769	7 769
Removed less frequently than once a week	—	—	—	—	—	—	—	—	—
Using communal refuse dump	—	—	—	—	—	—	—	—	—
Using own refuse dump	—	—	—	—	—	—	—	—	—
Other rubbish disposal	—	—	—	—	—	—	—	—	—
No rubbish disposal	—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
Total number of households	7 773	8 173	—	8 673	7 769	7 769	7 769	7 769	7 769
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)	—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)	—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)	—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)	—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)	—	—	—	—	—	—	—	—	—
Refuse (removed once a week for indigent households)	—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)									
Total cost of FBS provided	—	—	—	—	—	—	—	—	—
Highest level of free service provided per household									
Property rates (R value threshold)	109 620	130 684	—	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)	6	6	—	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	1	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)	60	91	—	99	98	98	—	—	—
Electricity (kwh per household per month)	50	50	—	50	50	50	50	50	50
Refuse (average litres per week)	1	200	—	200	200	200	200	200	200
Revenue cost of subsidised services provided (R'000)									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	660	585	—	494	494	494	514	545	577
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	—	115	247	247	247	247	257	273	289
Water (in excess of 6 kilolitres per indigent household per month)	—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)	—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)	—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)	—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates	—	—	—	—	—	—	—	—	—
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Total revenue cost of subsidised services provided	660	700	247	742	742	742	771	818	867

Table 49 MBRR SA32 – List of external mechanisms

None

2.14 Municipal manager's quality certificate

I, AMOS CHINA MPELA, municipal manager of Umsobomvu Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name AMOS CHINA MPELA

Municipal manager of Umsobomvu Municipality (NC072)

Signature

A handwritten signature in black ink, appearing to read 'Amos China Mpele', with a long horizontal stroke extending to the right.

Date 31/05/2016